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SYSTEM CONSERVATION IMPLEMENTATION AGREEMENT NO. 23-XX-30-W0800 BETWEEN THE UNITED STATES AND IMPERIAL IRRIGATION DISTRICT DATED DECEMBER 6, 2023 AND RELATED AGREEMENTS

SYSTEM CONSERVATION IMPLEMENTATION AGREEMENT (SCIA) FOR CALENDAR YEAR 2023 BETWEEN THE UNITED STATES BUREAU OF RECLAMATION AND THE IMPERIAL IRRIGATION DISTRICT TO IMPLEMENT THE LOWER COLORADO CONSERVATION AND EFFICIENCY PROGRAM (LC CONSERVATION PROGRAM)

1. PREAMBLE This SCIA to implement the LC Conservation Program is entered into this 6th day of December 2023, by and between the United States, Department of the Interior, Bureau of Reclamation ("Reclamation"), acting through the Regional Director of the Lower Colorado Basin Region of the Bureau of Reclamation, and the Imperial Irrigation District ("IID"), hereinafter referred to singularly as "Party" or collectively as "Parties" and pursuant to the Act of Congress approved June 17, 1902 (32 Stat. 388), designated the Reclamation Act, and acts amendatory thereof or supplementary thereto, the Act of December 21, 1928 (45 Stat. 1057), designated the Boulder Canyon Project Act, the Act of September 30, 1968 (82 Stat. 885), designated the Colorado River Basin Project Act, Public Law 116-14, the Colorado River Drought Contingency Plan Authorization Act dated April 16, 2019, and Public Law 117-169, the Inflation Reduction Act of 2022.

2. EXPLANATORY RECITALS

2.1 WHEREAS, the Colorado River Basin is experiencing the driest 23-year period in the historical record, and Lake Mead's elevation has dropped to levels where the Secretary of the Interior ("Secretary") determined shortage conditions in calendar years 2022 and 2023;

2.2 WHEREAS, prior to the Secretary declaring shortage conditions in calendar years 2022 and 2023, Public Law 116-14, the Colorado River Drought Contingency Plan Authorization Act ("Act") was signed into law on April 16, 2019. This Act directed the Secretary to execute the agreements hereinafter referred to collectively as the "DCP Agreements", and the DCP Agreements were subsequently executed on May 20, 2019;

2.3 WHEREAS, on September 22, 2022, the Department of the Interior ("Department") announced that it is taking additional steps to address drought in the Colorado River Basin;

2.4 WHEREAS, the calendar year 2024 operating condition was determined based on the Reclamation August 2023 24-Month Study prior to the execution of this SCIA;

2.5 WHEREAS, the Department, through Reclamation, created a new LC Conservation Program, similar to the previous programs designed to further Colorado River System water conservation activities in the Lower Colorado River Basin;

2.6 WHEREAS, the purpose of the LC Conservation Program is to increase system conservation and efficiency opportunities to address the unprecedented drought in the Lower Colorado River Basin and it 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 investment to ensure the entire Colorado River Basin can function and support all who rely on it;

2.7 WHEREAS, the LC Conservation Program is funded in part by the Inflation Reduction Act of 2022 that provides $4 billion in funding specifically for water management and conservation efforts in the Colorado River Basin and other basins experiencing comparable levels of long-term drought;

2.8 WHEREAS, as a follow-up to the Department's September 22, 2022, announcement, by letter dated October 12, 2022, to interested parties having a Colorado River water delivery contract or entitlement holders and Central Arizona Project water delivery contract or entitlement holders, Reclamation announced the funding opportunity for voluntary participation in the new LC Conservation Program which included an enclosure entitled, "*Enclosure 1 - Requirements for Lower Basin System Conservation and Efficiency Project Proposals*" ("Enclosure 1") that described the proposal and selection requirements under a set fixed price (Program 1.a. in the letter) and under an agreed upon price (Program 1.b. in the letter);

2.9 WHEREAS, IID shares California priorities 3a and 6a to Colorado River water in accordance with Contract No. Ilr-747 dated December 1, 1932, as amended and supplemented ("IID Contract"); as modified by the Agreement of Compromise, February 14, 1934, Between Imperial Irrigation District and Coachella Valley County Water District, and as modified (or quantified) by the terms of the Colorado River Water Delivery Agreement ("CRWDA") dated October 10, 2003, specifically Sections 1b, 2a, 3, 4a, 5 and Exhibit B of the CRWDA, while the CRWDA remains in effect and that footnote 12 of Exhibit B of the CRWDA authorizes priorities 1 through 3 to be within 25,000 acre-feet of the amounts scheduled, and that the CRWDA recognizes the arrangements among IID, the Coachella Valley Water District, The Metropolitan Water District of Southern California and the San Diego County Water Authority known as the Quantification Settlement Agreement ("QSA") that enables conserved water creation and acquisitions beyond those on Exhibit B of the CRWDA that does not materially reduce the volume of water available to any other QSA signatory;

2.10 WHEREAS, IID submitted to Reclamation a LC Conservation Program proposal dated November 21, 2022;

2.11 WHEREAS, IID's LC Conservation Program 1.b. proposal was evaluated by Reclamation pursuant to the proposal and selection requirements as shown in Enclosure 1 to Reclamation's October 12, 2022 letter;

2.12 WHEREAS, IID's LC Conservation Program proposal was selected by Reclamation for inclusion in the LC Conservation Program;

2.13 WHEREAS, IID proposes to create 100,000 acre-feet of System Conservation Water in calendar year 2023 under this SCIA. Reclamation and IID recognize, however, the actual conserved water volume created through December 31, 2023, through IID's expansion of its existing On-Farm Efficiency Conservation Program ("OFECP") may be more or less than 100,000 acre-feet despite IID's compliance with this SCIA, so the compensation provisions of this SCIA will apply to the actual volume of created System Conservation Water, up to 115,000 acre-feet;

2.14 WHEREAS, for retention in Lake Mead to benefit the Colorado River System, IID proposes to create 100,000 acre-feet of System Conservation Water through IID's existing OFECP

and expansion thereof; with the 100,000 acre-feet to consist of 50,000 acre-feet of System Conservation Water under the OFECP that IID would have transferred to the San Diego County Water Authority ("SDCWA") pursuant to the QSA absent this SCIA, and 50,000 acre-feet of additional conservation from the OFECP. Reclamation and IID understand that the additional conservation from the OFECP may result in the creation of up to 65,000 acre-feet of System Conservation Water;

2.15 WHEREAS, the price for up to 115,000 acre-feet of System Conservation Water through the OFECP will be at a price equal to the price that IID would be paid by SDCWA, all as calculated and set forth in the QSA, which price calculation provisions are attached hereto as Exhibit B;

2.16 WHEREAS, the execution of this SCIA will enable the release of a portion of the Federal funding designated to support the State of California's Salton Sea 10-Year Management Plan, authorized by the agreement entitled, *Commitment to Support Salton Sea Management Related to Water Conservation In the Lower Colorado River Basin* dated December 16, 2022, ("Commitments Agreement");

2.17 WHEREAS, the Parties agree that this SCIA will only cover the creation of up to 115,000 acre-feet of System Conservation Water in calendar year 2023 and recognize that IID will work to expand the OFECP and establish other programs in calendar years 2024, 2025, and 2026 under a separate SCIA to be agreed upon only after appropriate environmental review, to create a total volume of approximately 800,000 acre-feet of System Conservation Water for calendar years 2023 through 2026; and

2.18 WHEREAS, Reclamation and IID desire to enter into this SCIA whereby IID agrees, among other things, to create 100,000 acre-feet of System Conservation Water and the Parties recognize that up to 115,000 acre-feet of System Conservation Water may be created under the OFECP in calendar year 2023 in exchange for financial compensation.

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, Reclamation and IID agree as follows:

3. DEFINITIONS

3.1 Colorado River Compact means the document signed on November 24, 1922, at Santa Fe, New Mexico, pursuant to an act of Congress approved August 19, 1921 (42 Stat. 171). The Colorado River Compact was approved in Section 13(a) of the Boulder Canyon Project Act.

3.2 Colorado River System shall have the meaning ascribed to such term in the Colorado River Compact.

3.3 Exhibit A is a copy of IID's calendar year 2023 Technical Memorandum to be approved by Reclamation prior to execution of this SCIA. Exhibit A is attached hereto and made part of this SCIA.

3.4 Exhibit B is a copy of the relevant provisions of the QSA governing the calculation of price paid by SDCWA to IID for conserved water, based on an annual price schedule with

inflation adjustments based on dates of payment. Exhibit B is attached hereto and made part of this SCIA.

3.5 Status Report means a report that IID submits to Reclamation for review and approval documenting the outcome of the OFECP in calendar year 2023, which shall be submitted by April 15, 2024. This report is provided in lieu of a more traditional verification inspection and includes among other things: (1) participating fields and acreage; (2) final volumes of conserved water, by conservation measure and crop; (3) final System Conservation Water volume attributed to the OFECP; and (4) verification information collected by IID. In addition, IID will provide 5 percent of the OFECP field level data for the volume of System Conservation Water attributable to this SCIA, which will be randomly selected by Reclamation no less than fifteen (15) days prior to the date the Status Report is due.

3.6 System Conservation Water means Colorado River water that is conserved by IID and left in Lake Mead to benefit the Colorado River System pursuant to this SCIA.

3.7 Technical Memorandum means a memorandum that IID submits to Reclamation for review and approval describing the OFECP activities IID is implementing to conserve 100,000 acre-feet of System Conservation Water during calendar year 2023, sets forth the water conservation quantification methodology for IID's OFECP, describes the verification activities that IID routinely conducts for conservation measures implemented under this program and outlines the verification information that Reclamation will request from IID, and that IID will provide to Reclamation, for calendar year 2023. The Parties recognize that the activities performed by IID as described in the Technical Memorandum may result in less than 100,000 acre-feet and up to 115,000 acre-feet of System Conservation Water being created by the OFECP in calendar year 2023 with such range attributable to the inability to precisely predict the actual volume of conserved water that will result from the OFECP due to a number of factors.

4. PURPOSE

4.1 The purpose of this SCIA is for Reclamation to compensate IID for the System Conservation Water that is created by IID in calendar year 2023, not to exceed 115,000 acre-feet. IID will conserve water to create an estimated consumptive use volume of 100,000 acre-feet which may result in conservation of less than or up to 115,000 acre-feet on a consumptive use basis in calendar year 2023 by: (1) excess conservation from the existing OFECP in which participants in the program, among other things, will implement field-level conservation measures and improve their agricultural water use efficiency to create an estimated consumptive use volume of 50,000 acre-feet which may result in the conservation of up to 65,000 acre-feet and (2) not transferring 50,000 acre-feet of water conserved from the existing OFECP to SDCWA under the QSA as agreed to by SDCWA and any other necessary parties to the QSA, thereby allowing such consumptive use volume of up to 115,000 acre-feet of water to remain in Lake Mead as System Conservation Water. IID attests that it used such water in previous years and it would have used such water in calendar year 2023 or transferred the water to SDCWA under the QSA.

5. SYSTEM CONSERVATION IMPLEMENTATION

5.1 The term of this SCIA begins upon its execution and continues until the final

payments are made in accordance with this SCIA to IID and all terms and conditions are satisfied.

5.2 The volume of System Conservation Water to be created by IID in calendar year 2023 is estimated to be 100,000 acre-feet but may result in a volume of System Conservation Water created up to 115,000 acre-feet as follows:

5.2.1 Fifty thousand (50,000) acre-feet is estimated to be conserved by IID under the OFECP. The Parties recognize that up to 65,000 acre-feet of System Conservation Water may be created by IID in calendar year 2023 under the OFECP.

5.2.2 Fifty thousand (50,000) acre-feet is estimated to be conserved by IID under the existing OFECP creating System Conservation Water under this SCIA by not transferring this conserved water to SDCWA pursuant to subsection 4.c. of the CRWDA, as agreed to by SDCWA and any other necessary parties to the QSA.

5.3 The Parties agree that if IID creates more than 115,000 acre-feet of System Conservation Water in calendar year 2023 in accordance with this SCIA, IID may, at its sole discretion, use or store such excess water conservation for its own use, subject to applicable authorities.

6. CALENDAR YEAR 2023

6.1 IID has several water conservation programs, one of which is the OFECP. IID began its OFECP in calendar year 2013. The OFECP includes an annual rolling solicitation process for IID agricultural water users that opens up each fall. IID enters into contracts for a crop season, which is one calendar year for perennial crops, and provides conservation payments to growers to, among other things, implement field-level conservation measures to improve their agricultural water use efficiency to conserve water. Conservation measures may include, but are not limited to, the following: pressurized irrigation, surface irrigation optimization, tailwater reuse, land leveling, field reconfiguration, and irrigation scheduling and event management.

6.2 For calendar year 2023, IID desires to utilize the existing OFECP to create 100,000 acre-feet of System Conservation Water for the purposes set forth in this SCIA. The Parties recognize that IID's OFECP may result in the creation of more than 100,000 acre-feet of System Conservation Water. Reclamation will compensate IID for System Conservation Water created by the OFECP up to 115,000 acre-feet.

6.3 IID agrees to submit to Reclamation for review and approval (1) a calendar year 2023 Technical Memorandum as defined in Section 3.7 herein and (2) a calendar year 2023 amended water order reflecting IID's creation of 100,000 acre-feet of System Conservation Water to remain in Lake Mead. Additionally, IID will submit to Reclamation a copy of the agreement among SDCWA and any other necessary parties to the QSA allowing IID to create 50,000 acre-feet of System Conservation Water by not transferring the 50,000 acre-feet to SDCWA under the QSA.

6.4 PAYMENTS: For calendar year 2023, Reclamation will pay IID a total payment calculated by utilizing the price and inflation adjustment provisions applicable to payments by SDCWA to IID under the QSA as described on Exhibit B for calendar year 2023 for the volume

of System Conservation Water entitled to payment as set forth in Section 6.2 above. Reclamation's payment schedule shall be as set forth in 6.4.1 through 6.4.3:

6.4.1 Payment 1 is calculated as 65 percent of the total payment based upon creation of 100,000 acre-feet of System Conservation Water and will be made by Reclamation to IID no later than 45 days following: (1) the execution of this SCIA, (2) approval by Reclamation of the calendar year 2023 Technical Memorandum, and (3) receipt by Reclamation of an adjusted water order for calendar year 2023 reducing IID's Priority 3a water diversion request by 100,000 acre-feet, whichever (1), (2), or (3) occurs last.

6.4.2 Payment 2 is calculated as 95 percent of the total payment based on the volume of System Conservation Water confirmed by IID in a calendar year 2023 Status Report as defined in Section 3.5 herein, minus the amount of Payment 1. This payment will be made by Reclamation to IID no later than 45 days following receipt by Reclamation from IID of a calendar year 2023 Status Report. Should any disagreement between IID and Reclamation arise regarding the volume of conserved water being created by IID as reflected in the Status Report, Reclamation shall identify the volume of conserved water in question and Reclamation may withhold payment for any volume of conserved water in question until the disagreement between IID and Reclamation is resolved. Reclamation shall pay IID for any undisputed volume of System Conservation Water within the 45-day period.

6.4.3 Payment 3 is the remaining payment due based on the volume of IID's System Conservation Water recognized in the Water Accounting Report, approximately 5 percent of the total payment, and will be made to IID no later than 45 days after publication of the calendar year 2023 *Colorado River Accounting and Water Use Report – Arizona, California, and Nevada* ("Water Accounting Report") verifying the amount of System Conservation Water created in calendar year 2023. Such publication occurs in mid-May of the following year.

6.5 If IID did not create the estimated System Conservation Water volume used to calculate Payments 1 and 2 in accordance with this SCIA, Payment 3 in Section 6.4.3 herein shall be reduced accordingly and IID may be required to reimburse Reclamation as provided in Section 10 herein.

7. MONITORING

7.1 IID and Reclamation agree that IID shall (1) quantify, verify, document, and report reductions in consumptive use of Colorado River water under this SCIA and (2) report the verified volume of System Conservation Water created in calendar year 2023.

7.2 Reclamation will report the verified volume of System Conservation Water created in calendar year 2023 under this SCIA in the calendar year Water Accounting Report.

7.3 Reclamation will use its existing Colorado River water order approval process and legal authorities established by law and contracts to ensure that System Conservation Water created under this SCIA is not ordered or used by other Colorado River water entitlement holders.

7.4 Actual IID delivered water reductions will be the quantity of System Conservation Water actually created by IID through the OFECP.

7.5 IID will continue to conduct its own initial and ongoing monitoring and documentation of the OFECP conservation measures.

7.5.1 Verification of OFECP System Conservation Water created through the implementation of conservation measures will require IID documentation that proposed physical improvements are installed and operating and/or proposed practices are implemented on fields enrolled in the OFECP.

7.5.2 IID staff or its designees will visit enrolled fields to verify that OFECP conservation measures are constructed, operated and/or implemented according to program standards in accordance with IID's requirements.

7.5.3 The frequency of field visits by IID staff, its designees, or other monitoring procedures will be at IID's discretion.

7.6 By entering into this SCIA, IID grants access to Reclamation, or will provide such access, to perform periodic on-site inspections of the enrolled fields to verify that OFECP conservation measures have been initiated and are occurring. IID will facilitate such inspections by providing a tabulation of participation in the OFECP for calendar year 2023.

7.6.1 In addition, IID will provide field location information via appropriate maps to Reclamation.

7.6.2 The information to be provided in each tabulation and map will consist of such data as Reclamation and IID agree is appropriate and lawful to allow administration of this SCIA in a prudent and practical manner. The Parties mutually agree that personal customer information will not be requested or provided.

7.7 Reclamation will use its existing in-person periodic in-field verification process to determine that the proposed OFECP conservation measures have been implemented and are being operated/used to create System Conservation Water.

7.8 The Parties agree that the terms of this SCIA shall not establish a precedent for potential future water conservation activities.

8. IDENTIFICATION AND TRACKING OF COLORADO RIVER SYSTEM WATER

8.1 Reclamation will document the quantity of System Conservation Water created by IID through the reductions in consumptive use described in this SCIA in the annual Water Accounting Report. The quantity of System Conservation Water to remain in Lake Mead, as determined by Reclamation, will be reported in the section of the annual Water Accounting Report titled, "Conservation, Transfers and Exchanges."

8.2 Reclamation and IID agree that the water left in Lake Mead pursuant to this SCIA shall accrue to the benefit of the Colorado River System and shall not accrue to the individual benefit of IID or any third party.

9. IID COSTS

9.1 Unless otherwise provided in this SCIA, IID agrees to bear all costs for implementation of this SCIA under this SCIA in return for the payments to be made by Reclamation, as specified in this SCIA.

10. REIMBURSEMENT FOR OVERPAYMENT

10.1 Unless otherwise provided in this SCIA, in the unanticipated and unforeseen event the total amount of water under this SCIA is not added to Lake Mead as System Conservation Water as was paid for by Reclamation, due to IID taking an action that interferes with the foregoing objective, IID agrees to reimburse for the overpayment for the water that was not added to Lake Mead within 30 days of receipt of a bill for collection from Reclamation.

11. DISPUTE RESOLUTION

11.1 If any Party disputes any compliance with or performance under this SCIA by the other Party, the Party claiming such dispute shall notify the other Party in writing, specifically identifying the claimed deficiency in compliance or performance. Upon such notice, the Parties shall timely meet and confer regarding the claim and use good faith efforts to resolve the claim informally.

11.2 To the extent any claim of non-compliance or non-performance affects any payment from Reclamation to IID hereunder, amounts of such payment that are not associated with such non-compliance or non-performance shall be paid in a timely manner, and any remaining balance shall be held pending resolution of the claim of non-compliance or non-performance.

12. SYSTEM CONSERVATION WATER IS NOT A DCP CONTRIBUTION

12.1 The Parties to this SCIA agree that the System Conservation Water created under this SCIA shall be additive to the total conserved water volume associated with the LC Conservation Program and shall not be used to satisfy any Lower Division States' contributions required under the DCP Agreements, described in Section 2.2 herein.

13. ENVIRONMENTAL COMPLIANCE

13.1 Implementation of this SCIA will result in reduced flows in the Colorado River and will result in reduced deliveries within the Imperial Valley for calendar year 2023. Reclamation shall be solely responsible for compliance with any required Federal environmental review or obligations for its approval or implementation of this SCIA. IID shall be solely responsible for compliance with any required environmental review or obligations for its approval or implementation of this SCIA.

13.2 While the execution of this SCIA will help enable additional Federal funding under the Commitments Agreement, any environmental compliance necessary for undertakings pursuant to the Commitments Agreement that utilizes these additional funds will be completed pursuant to the Commitments Agreement.

14. THIRD PARTY BENEFICIARIES

14.1 This SCIA is not intended nor shall it be construed to create any third-party beneficiary rights to enforce the terms of this SCIA in any person that is not a Party.

15. GENERAL TERMS

15.1 IID agrees to remain in compliance with applicable Federal, State, and local environmental, cultural, and paleontological resource protection laws and regulations throughout the term of this SCIA.

15.2 The Parties agree that System Conservation Water intentionally conserved pursuant to this SCIA will remain in Lake Mead and shall not be subject to release in the year in which the conservation occurs pursuant to Article II of the Consolidated Decree of the Supreme Court of the United States in the case of *Arizona* v. *California, et. al,* entered March 27, 2006, (547 U.S. 150 (2006)), or as it may be further modified (Consolidated Decree).

15.3 The water left in Lake Mead under this SCIA will not be reported as an IID diversion or consumptive use and will be reported as set forth in Section 8.1.

15.4 None of the provisions of this SCIA shall be considered waived, except when such waiver is given in writing. The failure of a Party to insist in any one or more instances upon strict performance of any of the provisions, or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or that Party's relinquishment of any such rights for the future, but such provisions and rights shall continue and remain in full force and effect.

15.5 The Parties do not intend that any right or remedy given to a Party on the breach of any provision under this SCIA to be exclusive; each such right or remedy is cumulative and in addition to any other remedy provided in this SCIA or otherwise available at law or in equity. If the non-breaching Party fails to exercise or delays in exercising any such right or remedy, the non-breaching party does not thereby waive that right or remedy. In addition, no single or partial exercise of any right, power or privilege precludes any other or further exercise of a right, power or privilege granted by this SCIA or otherwise.

15.6 Each Party to this SCIA represents that the person executing on behalf of such Party has full power and authority to do so, and that his/her signature is legally sufficient to bind the Party on whose behalf he/she is signing.

15.7 This SCIA constitutes a valid and binding agreement of each Party, enforceable against each Party in accordance with its terms. This SCIA is and will be binding upon and will inure to the benefit of the Parties and, upon dissolution, the legal successors and assigns of their assets and liabilities.

15.8 This SCIA may be supplemented, amended, or modified only by the written agreement of the Parties. No supplement, amendment, or modification will be binding unless it is in writing and signed by the Parties.

15.9 Any notice, demand, or request shall be deemed properly served, given, or made if delivered in person; sent by registered or certified mail, postage prepaid; or overnight delivery to the addresses below, charges prepaid or charged to the sender's account to the persons in the positions executing this SCIA. Email may be used in addition to, but not in lieu of, the required methods described above.

If to Reclamation:

Bureau of Reclamation
Interior Region 8: Lower Colorado Basin
Attn: Regional Director
500 Date Street, Building 900
Boulder City, NV 89005
Email: jgould@usbr.gov

With a copy to:

Bureau of Reclamation
Interior Region 8: Lower Colorado Basin
Attn: Chief, Boulder Canyon Operations Office
500 Date Street, Building 900
Boulder City, NV 89005
Email: dbunk@usbr.gov

If to IID:

Imperial Irrigation District
Attn: Water Department Manager
P.O. Box 937
Imperial, CA 92251
Email: tlshields@iid.com

With a copy to:

Imperial Irrigation District
Attn: Deputy General Counsel
P.O. Box 937
Imperial, CA 92251
Email: jshoff@iid.com

15.10 All information and data obtained, books, and other records or developed with the performance of duties mentioned in this SCIA shall be available for inspection and audit upon request to a Party for five years after completion of this SCIA, subject to the provisions of the Freedom of Information Act and California public records law, if applicable, or other applicable law. However, use of said reports, data and information shall appropriately reference the source for the respective documents.

15.11 The expenditure or advance of any money or the performance of any obligation by the United States under this SCIA shall be contingent upon the appropriation or allotment of funds. No monetary liability shall accrue to the United States in case funds are not appropriated or allocated. Nothing in this SCIA shall bind the United States to expenditures in excess of funds appropriated and allotted for the purposes outlined in this SCIA.

15.12 No member of or Delegate to Congress, Resident Commissioner, or official of IID shall benefit from this SCIA other than as a water user or landowner in the same manner as other water users or landowners.

15.13 Nothing in this SCIA diminishes or abrogates the authority of the Secretary under applicable Federal law, regulations, contracts entered into by the Secretary, or the Consolidated Decree. The Secretary agrees to honor and be bound by the terms of the contracts, including without limitation the 1932 IID Contract, the 1934 Contract with the Coachella Valley Water District incorporating the subordination terms of the 1934 Compromise Agreement, and the CRWDA.

15.14 Nothing in this SCIA diminishes or abrogates the rights of IID under applicable Federal law, regulations, contracts entered between the Secretary and IID, or the Consolidated Decree. IID agrees to honor and be bound by the terms of their contracts, including without limitation the 1932 IID Contract, the 1934 Contract with the Coachella Valley Water District incorporating the subordination terms of the 1934 Compromise Agreement, and the CRWDA.

15.15 If a dispute arises regarding this SCIA, the Parties agree to meet and attempt to resolve the dispute before seeking any remedy. The Parties agree to engage in any alternative dispute resolution procedures authorized by their statutes, regulations and court rules.

15.16 The Parties agree to comply with all applicable Federal or state laws relating to equal opportunity and non-discrimination.

15.17 This SCIA shall be interpreted, governed by, and construed under applicable Federal law and any relevant provisions of California state law. To the extent permissible under the Federal Rules of Civil Procedure and other applicable Federal authority, venue for adjudication of any disputes under this SCIA shall be in appropriate Federal Court.

15.18 Should any third party challenge the legality, validity or enforceability of this SCIA, the Parties agree to coordinate.

16. COUNTERPARTS

16.1 This SCIA may be executed in counterparts, each of which shall be an original and all of which, together, shall constitute only one agreement.

17. EFFECTIVE DATE

17.1 This SCIA shall become effective upon the date of its execution by both Parties. Once effective, this SCIA will remain in effect until all of the terms and conditions are satisfied.

17.2 The Parties hereto have executed this SCIA on the day and year first written above.

Signatures next page.

IMPERIAL IRRIGATION DISTRICT

By: _____
Jamie L. Asbury, General Manager

Approved as to form:

By: _____
Geoffrey P. Holbrook, General Counsel

Signatures continued next page.

THE UNITED STATES OF AMERICA

By: _____

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

Exhibit A

1. A copy of the approved calendar year 2023 Technical Memorandum is attached.

Imperial Irrigation District
System Conservation Implementation Agreement
On-Farm Efficiency Conservation Program Technical Memo

Introduction

This Technical Memo (TM) for the creation of System Conservation Water has been prepared pursuant to the 2023 System Conservation Implementation Agreement (SCIA) between the United States Bureau of Reclamation (USBR) and the Imperial Irrigation District (IID). The SCIA requires IID to submit a TM describing the conservation measures and activities IID will implement to create System Conservation Water.

Pursuant to the SCIA, IID will create conservation annually through 2026 to be designated as System Conservation Water. Beginning in 2023, IID will utilize excess variable conservation – beyond that necessary to fulfill the conservation and transfer requirements of the Quantification Settlement Agreement, created through its On-Farm Efficiency Conservation Program (OFECP). The OFECP is a variable program and final conservation yields are dependent upon the number of contracted fields, implemented conservation measures, cropping patterns and irrigation.

On-Farm Efficiency Conservation Program

IID initiated its first OFECP in 2013 and now has more than 10 years of experience implementing the program. To briefly describe the program, summarized in greater detail in the attached program description, IID provides conservation funding for participants to implement approved on-farm conservation measures that improve their water use efficiency and reduce delivered water volumes to participating fields. Payments are made per unit volume of consumptive use reduction based on calculations that are specific to each field's crop and soil type (or district-wide averages where insufficient historical data is available). Interested growers are required to submit to IID each proposed field's crop, conservation measure, estimated crop duration, and anticipated consumptive use reduction volume in advance of the field planting or, for perennial crops, on an annual basis. IID then evaluates all proposals for certain eligibility criteria such as a minimum annual or seasonal delivered water requirements and non-delinquent financial account status and selects those proposals that qualify to contract with. Contracts identify a field- and crop-specific baseline delivered water volume based on historical records, against which the actual field water delivery volume will be evaluated after correction for actual weather conditions and crop season lengths. Participants contract for a conservation yield equal to the consumptive use reduction calculated from the baseline delivery volume estimation less the actual field water delivery volume for the crop season (or calendar year for perennials). Historically, many of the conservation measures implemented fall into the following categories: irrigation scheduling and event management, land leveling, field reconfiguration, pressurized irrigation systems, tailwater reuse, and surface irrigation optimization. A brief description of each category follows.

Irrigation Scheduling and Event Management

Irrigation scheduling uses weather models and soil moisture measurements to estimate crop water requirements and optimize the timing and amounts of irrigation applications, considering such cultural constraints as harvest schedules and water and labor availability. Irrigation event management seeks to optimize such irrigation parameters as flow rate, event duration, application rate, and cut-off time to match crop water needs, soil characteristics, and water availability. These two management-based measures are often combined with other hardware-based measures, but have also been proven to reduce irrigation delivery requirements as stand-alone measures. IID staff, customers, and irrigation consultants implemented a successful demonstration Irrigation Scheduling and Event Management Program in 2008-2009, conserving over 700 ac-ft. This is now a supporting conservation measure, and must be used in combination with another primary conservation measure.

Pressurized Irrigation

Pressurized irrigation systems distribute water 2023 fields through pipes, tubes, or hoses. Pressurized irrigation systems can be designed, maintained, and operated to apply water with good uniformity and to avoid runoff while minimizing deep percolation and evaporation losses, all of which serve to reduce the amount of irrigation delivery required. This category includes many variations of sprinkle irrigation, such as center pivots, wheel lines, solid sets, and micro sprinklers; and drip/trickle irrigation methods, including surface and subsurface drip systems.

Tailwater Reuse

Tailwater reuse systems capture tailwater (surface runoff) from irrigated fields and convey it to a point where it can be reused for irrigation either on the same field or nearby fields. Examples include tailwater return systems in which tailwater is collected in a small reservoir at the lower end of a field or group of fields and pumped back to the head ditch of one the originating fields, or in which tailwater flows into cascading structures that collect the surface runoff and direct it to the head ditch of a nearby lower-lying field. Both systems have been shown to supplement and reduce the volume of fresh water delivered to participating fields during subsequent irrigation events.

Surface Irrigation Optimization

This category includes many innovative measures to improve existing gravity-flow, surface irrigation systems, reducing inefficiencies and irrigation delivery requirements while increasing irrigation uniformity. Examples include precision land-leveling to

optimize field slope, the construction of level basins and terraces, multiple head ditches to shorten run length and the installation of impermeable head ditch liners, gated pipe, surge flow, limited tillage programs to improve infiltration, optimized border width along with the use of surface irrigation modeling software.

Term

IID's On-Farm Efficiency Conservation Program is a crop-season based program with varying contract terms associated with the calendar year the crop is harvested (or the calendar year for perennials). A crop-season based program allows the flexibility necessary to ensure wide-scale participation in order to meet IID's increasing conservation obligations.

Estimated Volume of Water to be Conserved

Field-level efficiency conservation from IID's On-Farm Efficiency Conservation Program, in excess of IID's existing water conservation obligations, will be used to satisfy the SCIA conservation targets. Total estimated delivery reduction volumes by conservation measure will be provided in one or more Status Reports as crops are harvested, contracting is completed and/or as year-end water accounting estimates are finalized and vetted by Reclamation and IID through the annual QSA Verification Workgroup process following the end of the calendar year.

Final annual conservation estimates will vary based on the number of contracted fields, conservation measures, cropping patterns and the associated estimated conservation volumes based on the best available year-end information. The final contracted conservation values for fields are determined individually based on an end-of-season consumptive use reduction true-up to ensure and validate the most appropriate conservation yield, but future programs are being developed to utilize averaged historical water savings by conservation measure to streamline contracting and payment processes.

Consumptive use reduction accounting for IID's conservation programs occurs at IID's Imperial Dam (Station 60) diversion point to account for conveyance losses from field-level conservation programs. Since 2019 this loss factor has been based on a calculated average historical value reviewed by Reclamation that originated from a transportation loss accounting methodology developed for IID's historical Fallowing Programs, as described in Reclamation's December 3, 2007 letter to IID. The conversion to the averaging methodology was due to significant changes in IID's conveyance system, most notably the concrete lining of 22 miles of the All-American Canal, canal-loss data discrepancies and reductions in annual conveyance volumes due to increased conservation and transfer programs.

Methodology for Verification of the Amount of Water Conserved

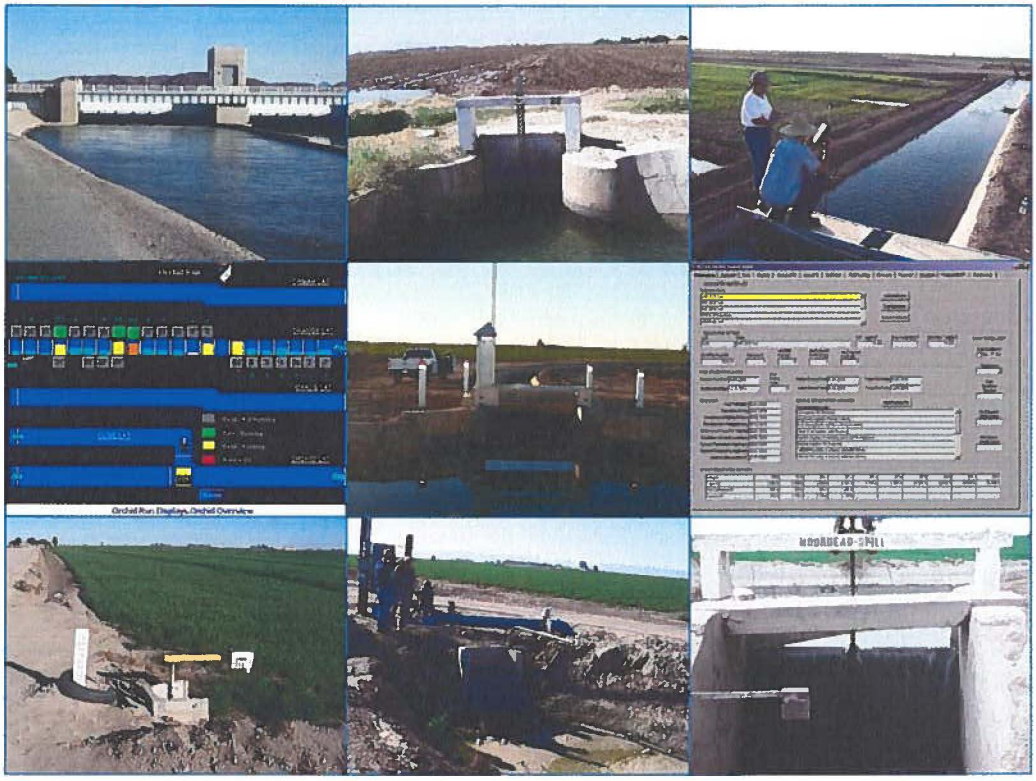
IID monitors fields enrolled in the OFECP to verify the conservation measures are being implemented to ensure reduced water deliveries and increased crop water use efficiencies. All water deliveries are measured by field staff, and at times certain fields may be metered for additional accuracy and verification purposes. Current contracts specify a field and crop-specific baseline delivery volume using delivery records from a fixed 10-year period against which delivery reductions are evaluated, after correction for actual weather conditions and season lengths.

In addition to performing site visits to enrolled fields during irrigation, construction and operational events and activities, IID tracks water deliveries to each enrolled field through the crop season (or calendar year for perennials) and uses this data in consumptive use reduction calculations. IID also removes the final conservation volume from the participant's annual farm unit water apportionment account.

Historically, IID has cooperated with Reclamation to coordinate semiannual verification inspections for certain on-farm conservation measures used for Intentionally Created Surplus water storage in Lake Mead. For each inspection, IID provided a list of fields utilizing those measures, crops and acreages, from which Reclamation randomly selected a sample representing five percent of the total acreage that IID provided blind data sets for detailing additional field information such as baselines and conservation volumes. IID will continue to provide a similar blind sample data summary for five percent of the SCIA funded conservation volumes with the year-end Status Report, as well as a review of program estimating methodology as necessary.

On-Farm Efficiency Conservation Program

PROGRAM DESCRIPTION



Imperial Irrigation District
July 2021

Background

In October 2003, Imperial Irrigation District (IID) entered into the Quantification Settlement Agreement (QSA) and Related Agreements. As part of these agreements, IID agreed to a long-term transfer of water to the San Diego County Water Authority and the Coachella Valley Water District.

To enable IID to meet its water transfer obligations pursuant to the agreements, IID and its agricultural water customers need to develop a total of 303,000 acre-feet of water per year through an integrated program of on-farm and delivery system conservation.

In addition to its water transfer obligations, IID may use conserved water to satisfy the requirements of the Inadvertent Overrun and Payback Policy as contained in pages 16 through 19 of the Record of Decision for the Colorado River Water Delivery Agreement issued on October 10, 2003. IID is also able to create conserved water that qualifies as ICS or Intentionally Created Surplus as defined in the Lower Colorado River Basin Intentionally Created Surplus Forbearance Agreement between the State of Arizona, the Palo Verde Irrigation District, the Imperial Irrigation District, the City of Needles, the Coachella Valley Water District, the Metropolitan Water District of Southern California, the Southern Nevada Water Authority and the Colorado River Commission of Nevada dated December 3, 2007. Additionally, IID may create conserved water through an integrated program of on-farm and delivery system conservation for any other use determined appropriate for the conserved water by IID.

This document describes the on-farm efficiency conservation program for IID. All documents applicable to this program are available upon request from the Water Department, located at IID Headquarters, 333 E. Barioni Blvd., Imperial, California 92251 and on the IID website at www.iid.com/onfarmconservation.

TABLE OF CONTENTS

1. Purpose

The purpose of this Program Description is to document the structure and various aspects of the On-Farm Efficiency Conservation Program (Program). The document describes the overall structure of the Program and its components, including Program organization and administration, the enrollment process, eligible conservation measures, efficiency conservation payments for delivered water reductions, monitoring and verification procedures.

2. Organization and Administration

IID will be responsible for the administration of the Program. The Water Department Manager will direct the Program. IID will cooperate with participants to implement and evaluate the Program.

A Technical Review Committee will be appointed to address technical concerns that cannot be resolved by participants and IID. The Technical Review Committee composition and guidelines are specified in Appendix F.

3. Enrollment Process

3.1. Overview and Schedule

The enrollment process involves: (1) solicitation by IID; (2) submittal of completed field proposals by potential participants; (3) evaluation and selection of completed proposals by IID; and (4) contracting by selected participants and IID for Conservation Measure (CM) implementation and associated Contracted Delivered Water Reduction (CDWR). The resulting agreement is referred to as the On-Farm Efficiency Conservation Agreement (Conservation Agreement).

3.2. Solicitation Process

IID will advertise the Program to IID water users and landowners through IID's website, mailings, meetings and any other appropriate means. Advertisements will be released and/or published as frequently as IID determines is necessary and appropriate to implement the program. The advertisement will provide a brief program summary to the extent there is space available in the advertisement to do so.

IID will prepare solicitation materials as needed to provide information enabling potential participants to estimate payments for different field sizes, crops, season lengths, applicable CMs, and CDWR. The solicitation materials may include the following:

- Program Summary
- Frequently Asked Questions
- On-Farm Efficiency Conservation Agreement Template
- Optional Pre-Application Baseline Request Form
- Contact Information of Assigned IID Staff and Resources
- Proposal Forms and Instructions

3.3. Application Process

Applicants are responsible for reviewing the solicitation materials, selecting fields and associated CMs for enrollment, and completing the Applicant Information Form and Conservation Measure Proposal Form. Applicants may request preliminary baselines for fields and crops of interest using the optional Pre-Application Baseline Request Form.

Applicants must complete and submit the Applicant Information Form and Conservation Measure Proposal Form in order to apply for enrollment in the Program. In the event an applicant is seeking to enroll a CM that involves multiple fields and/or gates and/or crops, the Conservation Measure Proposal Form shall include maps/sketches/diagrams necessary to identify the layout of the CM and fields/gates/crops. Applicants that have not completed these forms will not be eligible for enrollment in the Program.

Landowners and tenants may apply for enrollment in the Program by performing all Program requirements directly. The contracting requirements for landowners and tenants are provided below. For those enrolled in the Program, sample lease/sub-lease agreement provisions are provided in Appendix G.

3.4. Selection Process

As proposals are received, IID will determine eligibility for participation in the Program in accordance with the following:

- Water availability and water delivery charges must be current for the field(s) identified in the proposal.
- The minimum annual or seasonal CDWR shall be 0.08 acre-feet per acre and 8 acre-feet.

Proposals must satisfy the requirements above to be eligible for participation in the Program. Additionally, proposals may be determined to be ineligible for participation due to prior failure to perform by the applicant in this or other IID programs. Proposals determined to be ineligible will be returned to the applicants with an explanation of the determination. An applicant can appeal the decision to the Technical Review Committee. Applicants may be provided an opportunity to resubmit proposals.

IID will accept and process proposals on an ongoing basis each calendar year. Proposals resulting in higher CDWR and greater administrative efficiency may be given preference. After assigning preference to proposals based on total proposed CDWR and administrative efficiencies, IID may randomly select proposals until the estimated aggregate CDWR is sufficient to meet Program goals based on IID's projections.

IID will determine the CDWR and evaluate those instances where administrative efficiencies will serve as part of the selection process. IID will review the crop for each proposed field, calculate the Delivered Water Baseline and perform an independent assessment of potential CDWR based on the crop(s). The specifications for the Delivered Water Baseline and CDWR are provided in Appendix B. At the time the applicant receives the Baseline and the CDWR determined by IID, the applicant may opt for a data

consultation with IID to review and correct any data found to be in error. An applicant can appeal results of the data consultation process to the Technical Review Committee.

Following the selection process of eligible proposals, IID will notify unselected applicants that their proposals were not selected, but will be held for consideration in the event that additional proposals are needed to meet Program goals. For instance, additional proposals may be selected if the contracting process, described in the following section, results in fewer Conservation Agreements and/or aggregate CDWR than anticipated to satisfy Program goals.

3.5. Contracting Process

Once selected, based on its assessment, including consideration of the CDWR proposed by the applicant and the Program needs, IID will offer a Conservation Agreement to the applicant. The proposed Conservation Agreement will provide the agreement term, Delivered Water Baseline, and the CDWR determined by IID (which may differ from applicant's proposed CDWR). Landowners and tenants may participate in the program and enter into the Conservation Agreement directly with IID. Any tenant wishing to enter into a Conservation Agreement must have a signed Landowner Consent and Assumption Agreement, attached as Exhibit D of the Conservation Agreement. Proposals not resulting in a Conservation Agreement will be abandoned but may be resubmitted. IID shall send Conservation Agreements to applicants for signature, including the landowner's signature. Applicants shall have sixty (60) days, if emailed, or sixty-five (65) days, if mailed, to return a signed Conservation Agreement to IID. Any Conservation Agreement not signed and returned to IID within that time period shall be rescinded and the offer for the Conservation Agreement shall be null and void.

4. Eligible Conservation Measures

4.1. Overview

A wide range of CMs are available to growers considering improvements to agricultural water management as part of the Program. Suitable CMs for a given field vary based on the crop grown, soil type, irrigation method, delivery system, field size and slope, and other factors. It is the goal of the Program to provide participants the greatest degree of flexibility possible in selecting CMs for the achievement of efficiency conservation.

4.2. Conservation Measure Eligibility Requirements

The range of CMs that may be implemented by participants is unlimited, except CMs must demonstrate efficiency conservation verifiable by IID. In other words, CM implementation must result in reductions such as less tailwater (and in some cases, tile water or evaporation) and not decreased crop yields. IID has identified a list of CMs in Appendix D that may be implemented by participants in the Program. This is not an exhaustive list and is intended only to identify CMs that IID has determined to be appropriate CMs from which efficiency conservation can be verified. Standards and specifications for CM implementation are provided in Appendix E.

4.3. Process for Proposal of Additional Conservation Measures

New or additional CMs may be proposed by Program applicants; however, eligible CMs must be approved by IID for inclusion in the Program. Proposals for new CMs will be evaluated based on the following considerations:

- Demonstrated effectiveness – The proposed CM must be based on a demonstrated method of reducing tailwater, excess deep percolation, or other losses. It is preferred that the proposed CM be demonstrated conclusively in the Imperial Valley or other areas with sufficiently similar conditions and be suitably applied. However, IID may consider new innovations, provided that they are accompanied by a clear description of how the CM will result in efficiency conservation.
- No special administrative requirements – The proposed CM must not cause an undue burden to IID with respect to the administration of the Program. The CM must be observable for verification purposes, it must result in a measurable reduction in deliveries relative to the Delivered Water Baseline, and it must be amenable to the existing structure of the Program, including the payment structure and other aspects of the Program.

Anyone interested in requesting new CMs must propose such CMs on the Conservation Measure Proposal Form required for participation in the Program. Proposals involving new CMs should include a description of the CM that describes the physical, operational, and/or management changes that will be implemented, the mechanism by which efficiency will be increased (e.g., reduced tailwater production), and an estimate of the amount of CDWR that will be achieved for crops that will be grown on the field. These proposals should also include a map/sketch/diagram necessary to identify the layout of the CM and fields/gates/crops.

5. Efficiency Conservation Payments

Under this Program, efficiency conservation payments will be made based on the amount of water conserved in accordance with the Conservation Agreement. Under no circumstances shall participants receive final payment prior to verification by IID that all Program requirements, including the Conservation Agreement obligations, have been met. The specifications for the efficiency conservation payments are provided in Appendix B.

6. Monitoring and Verification Procedures

6.1. Objectives

The objectives of monitoring and verification as part of the Program are to document the implementation of CMs on the Participating Field(s), to verify the Actual Delivered Water Reduction (ADWR), and to ensure compliance with Program requirements.

6.2. Verification and Monitoring of CM Implementation and Operation

Verification that CMs are implemented includes documenting that proposed physical improvements are installed and operating and/or proposed practices are implemented on participating fields, as well as monitoring changes in irrigation deliveries resulting from CM operation. The frequency of field visits by IID staff, its designees, or other monitoring procedures will be at IID's discretion. IID staff or its designees will visit fields to verify that CMs are constructed, operated and/or implemented according to Program standards as described in Appendix E. Field visits may be made during irrigation events to verify that CMs are being operated and/or implemented according to Program standards.

6.3. Verification of ADWR

ADWR will be calculated in accordance with Appendix B for the individual Participating Field(s) on a monthly, seasonal, and/or annual basis, as appropriate. The aggregate ADWR will be summed for all enrolled fields for each calendar year to verify on-farm efficiency conservation for the Program as a whole. An appeal of the ADWR for an individual field may be submitted to the Technical Review Committee.

7. Conservation Agreement Specifications

7.1. Midpoint Meeting and Termination

Upon written request from IID or Conserving Party, IID and Conserving Party will have a midpoint meeting to review the CDWR and ADWR, to the extent the ADWR can be calculated or estimated, for the Participating Field(s). If the Conservation Period is fully within a single Calendar Year, this midpoint meeting shall occur at or as near to the midpoint of the Conservation Period as possible. If the Conservation Period spans two Calendar Years, this midpoint meeting shall occur at or as near to the end of the Calendar Year as possible. If IID determines that Conserving Party is not on target to achieve the CDWR as adjusted by the Tolerance Amount, Conserving Party shall have seven (7) calendar days of such meeting within which to appeal such determination to the Technical Review Committee. If no appeal is made or in the event the Technical Review Committee confirms IID's determination, either IID or Conserving Party may terminate the Conservation Agreement upon providing sixty (60) days prior written notice. Failure to provide written notice shall be a breach of the Conservation Agreement. Alternatively, IID and Conserving Party may mutually agree to modify or amend the Conservation Agreement in accordance with section 12 of the Agreement. Any such request to amend will not be unreasonably refused.

7.2. Noncompliance and Cure.

If IID determines at any time during the term of the Conservation Agreement that Conserving Party is in noncompliance or breach of the Agreement, IID will notify Conserving Party of such determination in accordance with the Agreement. Conserving Party shall have seven (7) calendar days from the date of IID's notification of noncompliance or breach within which to make its appeal to the Technical Review Committee. If no appeal is made, Conserving Party must cure any noncompliance or breach within seven (7) calendar days from the date of such notice from IID. If Conserving Party appeals and the Technical Review Committee upholds IID's determination,

Conserving Party must cure any noncompliance or breach within seven (7) calendar days from the date of the Committee's decision. If the noncompliance or breach is not timely cured, IID may take or require reasonable measures to ensure operation and implementation of the Conservation Measure and may withhold payments to Conserving Party. In addition, Conserving Party shall be liable to IID for any resulting damages suffered by IID as a result of the noncompliance or breach, including reimbursement for administrative expenses associated with the remedy of any noncompliance or breach. Nothing contained herein shall preclude the IID from exercising any other available remedy in law or equity including, but not limited to, lien procedures authorized under Water Code section 25806, and specific performance. In addition, noncompliance or breach of the Conservation Agreement may affect Conserving Party's eligibility for future voluntary programs offered by IID.

8. Participant Support System

Participants may view total deliveries to the Participating Field(s) through the TruePoint web portal, IID's delivery tracking system, which any agricultural customer can access through http://mywateraccount.iid.com. For more information regarding the On-Farm Efficiency Conservation Program and participant information and support, visit the Program website at www.iid.com/onfarmconservation.

Appendix A: Additional Defined Terms

1. **Actual Delivered Water Reduction (ADWR)**: The actual acre-feet per acre reduction in Delivered Water relative to the Delivered Water Baseline resulting from the Conservation Measure during the Conservation Period that IID verifies and calculates for the Participating Field(s) in accordance with Appendix B.
2. **Annual Actual Delivered Water Reduction (Annual ADWR)**: The ADWR calculated for a Calendar Year in accordance with Appendix B.
3. **Annual Contracted Delivered Water Reduction (Annual CDWR)**: The CDWR calculated for a Calendar Year in accordance with Appendix B.
4. **Baseline Consumptive Use Fraction or Baseline CUF**: The Consumptive Use Fraction from which the Delivered Water Baseline is calculated. The Baseline CUF is a composite of Consumptive Use Fractions computed for historical Crop Seasons determined by IID to be representative of the Crop Seasons identified in Exhibit A of the Agreement.
5. **Conservation Measure or CM**: As specified in Exhibit C of the Agreement.
6. **Consumptive Use Fraction or CUF**: The ratio of Net Evapotranspiration to Crop-Field History determined for a given Crop Season.
7. **Calendar Year**: Any full or partial calendar year falling within the Term of the Agreement, except that when referring to the CY Program Budget, Calendar Year shall mean the full calendar year corresponding to the CY Program Budget.
8. **Conservation Agreement or Agreement**: A fully executed On-Farm Efficiency Conservation Agreement with IID and Conserving Party for participation in the Program.
9. **Conserving Party**: The person(s) or entity(ies) entering into the Conservation Agreement for participation in the Program.
10. **Contracted Delivered Water Reduction (CDWR)**: The contracted acre-feet per acre reduction in Delivered Water relative to the Delivered Water Baseline resulting from the Conservation Measure that IID and Conserving Party agree is the potential ADWR for the Participating Field(s) during the Conservation Period.
11. **Crop-Field History**: The average Delivered Water history for the Crop Seasons ending during the period 2003 through 2012 (based on IID's Delivered Water and crop records for the Participating Field(s) or historical records where necessary and as determined by IID, which may be adjusted at the sole discretion of IID, upon consultation with Conserving Party.
12. **Crop Season**: The entire period of time over which a single crop begins and ends. For an annual crop (crops that have one year or less between actual planting and actual final harvest dates), the Crop Season begins on the start date of the first irrigation that ends within 30 day of the crop plant date, or the crop plant date if there are no irrigations within 30 days of planting, and ends with the actual final harvest date. For multi-year crops (e.g., alfalfa, Bermuda, citrus, asparagus), the Crop Season consists of one of the following, whichever applies: (1) the time period beginning with the start date as determined above for annual crops and ending December 31 of that Calendar Year, or (2) a single calendar year, or (3) the time period between January 1 of the final Calendar Year of the crop and the actual final harvest date.

13. **CY Program Budget**: The budget amount for the Program approved by the IID Board of Directors for a full calendar year.
14. **Delivered Water**: The volume or equivalent depth (volume per unit area, e.g., acre-feet per acre), as measured by IID, of irrigation water delivered by IID to the Participating Field(s).
15. **Delivered Water Baseline or Baseline**: The Delivered Water measurement starting point for the Participating Field(s) used as a basis against which other calculations are made. The calculation for the Baseline is made in accordance with Appendix B.
16. **Equitable Distribution Plan or EDP**: A plan/policy adopted by IID describing the manner in which water shall be allocated or apportioned to eligible lands pursuant to the California Irrigation District Law, as may be amended and in effect from time to time during the Term of the Agreement, and any amendments, modifications, and revisions to that plan/policy or superseding plan/policy adopted by IID pursuant to the California Irrigation District Law, as the same may be amended and in effect from time to time during the Term of the Agreement.
17. **Field ID**: A unique code assigned by IID to each field served by IID water delivery facilities and identified in Exhibit A of the Agreement.
18. **Historical Net Evapotranspiration**: Net Evapotranspiration for crop seasons in the Crop-Field History.
19. **Net Evapotranspiration**: Evaporation prior to the actual planting date plus total evapotranspiration less effective precipitation for a Crop Season, also referred to as **Evapotranspiration of Applied Water (ETAW)**. This represents the consumptive use for the crop met by water delivered during that crop season. Recognizing that real systems are not perfectly efficient and that some additional water must be delivered for agronomic reasons, Net Evapotranspiration is considered to not exceed 0.95 times the delivered water.
20. **On-Farm Efficiency Conservation**: The reduction of Delivered Water to the Participating Field(s) through the Conservation Measure.
21. **Participating Field(s)**: Those fields enrolled in the Program and specifically identified in Exhibit A of the Conservation Agreement.
22. **Seasonal ADWR**: The ADWR over a Crop Season.
23. **Technical Review Committee**: The committee identified in the Program Description and subject to the parameters of Appendix F.

Appendix B: Specifications for Program Requirements, Calculations and Implementation

1. Introduction

This Appendix provides the specifications for the Crop-Field History, Conservation Period, Delivered Water Baseline, CDWR, ADWR, payment and interface with the Equitable Distribution Plan for participation in the Program and pursuant to the Conservation Agreement. The historical Crop Season data provided in Exhibit B of the Conservation Agreement represents estimated historical water deliveries normalized for Crop Season lengths and weather conditions for each Participating Field(s). Data and calculations in Exhibit B of the Conservation Agreement, calculated in accordance with this Appendix B, shall be augmented and/or modified (pursuant to written agreement of the Parties) if crops not shown on Exhibit A are grown during the Term of the Conservation Agreement or if actual planting and final harvest dates change from those set out in Exhibit A of the Agreement.

2. Crop-Field History

a. The Crop-Field History, Net Evapotranspiration, Historical Net Evapotranspiration, Consumptive Use Fraction, and Baseline Consumptive Use Fraction are as defined in Appendix A.

b. Table B-1 in Exhibit B of the Conservation Agreement contains the Participating Field(s), crop, acreage, plant date, harvest date and IID's calculation of the Baseline CUF for each crop to be grown on the Participating Field(s) as identified in that Exhibit B.

c. Table B-2 in Exhibit B of the Conservation Agreement contains the Participating Field(s), crop, acreage, first pre-irrigation date, first crop irrigation date, last irrigation date, and CUF for historical Crop Seasons recorded at the Participating Field(s). The Baseline CUF for crops grown during the Conservation Period other than as provided for in Table B-1 will be determined from Table B-2.

3. Conservation Period

a. The Conservation Period is the time period during which On-Farm Efficiency Conservation occurs on the Participating Field(s) under the Program and is used to calculate the Baseline and the Seasonal ADWR.

b. The Parties may mutually agree in writing to shorten or extend the Conservation Period under certain circumstances. Examples may include: the previous crop was not harvested due to crop failure; the final crop was not harvested due to crop failure; or Conserving Party had no control over some water deliveries following the previous crop's final harvest.

4. Calculation Procedure for Delivered Water Baseline and Adjustments

a. The Baseline will be computed as the Net Evapotranspiration projected for the Crop Season or Calendar Year divided by the Baseline CUF. Sample calculation:

Assume that the average Crop-Field(s) History is 10 acre-feet per acre, the Historical Net Evapotranspiration for the Participating Field(s) is 8 acre-feet per acre, and the Net Evapotranspiration for the Crop Season is 7 acre-feet

per acre. The Baseline CUF would be 8/10 and the Baseline would be 7/0.8, or 8.75 acre-feet per acre.

b. The Net Evapotranspiration for the Conservation Period will be projected for each crop identified for the Participating Field(s) at the beginning of the Crop Season based on the expected dates of planting and final harvest date set forth in Exhibit A. The Net Evapotranspiration for the Conservation Period shall be recalculated at the end of the Crop Season based on the actual planting and final harvest dates and actual weather conditions and the Baseline will be adjusted based on the revised Net Evapotranspiration.

5. Contracted Delivered Water Reduction

a. The CDWR, in acre-feet/acre, may be based on the Crop-Field History, the crop to be grown, and the Conservation Measure to be implemented under this Agreement.

b. The CDWR for the Participating Field(s) is provided by Conserving Party in Exhibit B of the Conservation Agreement.

c. IID will calculate the CDWR for the Conservation Period within any Calendar Year less than a full calendar year falling at the beginning or end of the Term of the Agreement as the CDWR pro-rated based on the equivalent volume of water to the portion of the Baseline calculated as applicable during the Conservation Period within that Calendar Year divided by the total Baseline.

6. Seasonal and Annual Actual Delivered Water Reduction

a. Following the end of each Crop Season, IID will compute the total recorded Delivered Water on the Participating Field(s). The Seasonal ADWR, in acre-feet per acre, will be calculated as:
Seasonal ADWR (acre-feet/acre) = (Baseline – Delivered Water). Sample calculation:
Assume the Baseline is 8.75 acre-feet per acre and the Delivered Water is 7.75 acre-feet per acre. The Seasonal ADWR would be 1.0 acre-feet per acre.

b. When the CUF exceeds 0.95 acre-feet per acre, the ADWR shall be calculated as: Delivered Water Baseline - (Net Evapotranspiration / 0.95 acre-feet per acre).

c. ADWR will be calculated by IID monthly for the Participating Field(s) to support overall Program administration by IID. Monthly accounting allows for determination of Seasonal ADWR for partial Crop Seasons at the beginning or end of the Conservation Period and for Calendar Years during the Term of this Agreement that may include one or more partial or full Crop Seasons.

d. If the Conservation Period begins while a Crop Season is in progress, IID will determine the Seasonal ADWR for the remaining portion of the first Crop Season as follows:

i. The Baseline for the remainder of the first Crop Season following the Start Date of the Conservation Period will be determined based on the full Crop Season and Delivered Water for the Crop Season in progress as of the Start Date. The Baseline for the full Crop Season will be calculated in accordance with the calculation for Delivered Water Baseline above.

ii. The total Delivered Water prior to the Start Date of the Conservation Period following the actual harvest date of the prior crop will be summed.

iii. The difference between the Baseline for the full Crop Season and the total Delivered Water prior to the Start Date of the Conservation Period will be the Baseline for the remaining portion of the Crop Season.

iv. After determining the Baseline for the remaining portion of the Crop Season in progress as of the Start Date of the Conservation Period, the Seasonal ADWR will be determined as the Baseline minus the total Delivered Water during the remainder of the Crop Season in progress as of the Start Date. Sample calculation:

Assume the Baseline for the full Crop Season is 8.75 acre-feet per acre, as calculated in the sample calculation above. Assume the total Delivered Water prior to the Start Date following the harvest of the prior crop is 4.0 acre-feet per acre. The Baseline for the remaining portion of the Crop Season is 8.75 - 4.0, or 4.75 acre feet per acre.

Assume the total Delivered Water during the remainder of the Crop Season is 3.75 acre-feet per acre. The Seasonal ADWR is 4.75 – 3.75, or 1.0 acre-feet per acre.

e. If a Crop Season on a Participating Field(s) begins in one Calendar Year and ends in another, IID will allocate the Seasonal ADWR between the two Calendar Years as follows:

i. The Baseline for the full Crop Season will be calculated in accordance with the calculation for Delivered Water Baseline above.

ii. The Baseline will be distributed across months within the Crop Season based on the average percent of total seasonal Delivered Water occurring in any given month for Field(s)s district-wide with the same crop, soil, planting month, and harvest month.

iii. The Baseline for each partial Crop Season will be calculated by adding the distributed monthly values for the months falling within each Calendar Year.

iv. After determining the Baseline for each partial Crop Season, the Seasonal ADWR for each partial Crop Season will be determined as the Baseline minus the total Delivered Water during the partial Crop Season. The Annual ADWR will then be determined as the sum of Seasonal ADWR for all partial or full Crop Seasons within the Calendar Year. Sample calculation:

Assume the Baseline for the full Crop Season is 8.75 acre-feet per acre, as calculated in the sample calculation above. Assume that the Baseline for the full Crop Season is distributed across months within the Crop Season such that a total of 4.0 acre-feet per acre falls within one Calendar Year (Year 1), and 4.75 falls within the subsequent Calendar Year (Year 2). The Baseline for Year 1 is 4.0 acre-feet per acre; the Baseline for Year 2 is 4.75 acre-feet per acre. Assume the Delivered Water for the partial Crop Season during Year 1 is 3.5 acre-feet per acre and the Delivered Water for the partial Crop Season during Year 2 is 4.5 acre-feet per acre. The Seasonal ADWR for Year 1 is 4.0 – 3.5, or 0.5 acre-feet per acre. The Seasonal ADWR for Year 2 is 4.75 – 4.5, or 0.25 acre-feet per acre.

v. For multi-year Conservation Periods beginning at crop planting and/or ending at crop harvest, partial Crop Seasons, and therefore partial Calendar Years, may occur at the start and/or end of the Conservation Period. In these cases,

the Baseline will be calculated using the monthly distribution procedure set forth herein.

vi. The Seasonal ADWR will be summed over the Calendar Year to calculate the Annual ADWR. If the Conservation Period is a single Crop Season lasting less than one year, the Annual ADWR will equal the Seasonal ADWR.

7. Delivered Water Reduction for Conservation Measures Serving More Than One Field(s)

a. Participating Field(s) may be served by a Conservation Measure that also serves other fields simultaneously. All served fields (including the Participating Field(s) under the Agreement) may be enrolled in the Program under separate, concurrent Agreements or under a single combined Agreement.

b. The District may at its sole discretion elect to offer a single combined Agreement for fields served by a Conservation Measure serving other fields simultaneously or which have shared water deliveries irrespective of whether they were submitted independently.

c. The District may require the enrollment of other fields served simultaneously by a Conservation Measure as a condition of eligibility if there is a potential for water to be comingled.

8. Tolerance Amount for Contracted Delivered Water Reduction

a. The Tolerance Amount will be calculated as a fixed percentage, called the Tolerance Percent, times the CDWR:
Tolerance Amount (acre-feet/acre) = Tolerance Percent/100 x CDWR.

b. The Tolerance Amount allows Conserving Party flexibility in meeting the CDWR. The Tolerance Percent is set by IID and specified in section 6 and Exhibit B of the Conservation Agreement.

c. Conserving Party is obligated to provide a minimum Annual ADWR defined as CDWR minus Tolerance Amount, and a maximum Annual ADWR equal to CDWR plus Tolerance Amount. IID may choose to, but in no event shall be obligated to, pay for Annual ADWR exceeding this amount if it determines that it has a need for the additional conserved water.

9. Efficiency Conservation Payment

a. Conserving Party shall, by implementing the Conservation Measure, reduce the Delivered Water to the Participating Field(s) in an amount at a minimum equal to the CDWR minus the Tolerance Amount subject to the payment provisions set forth in this Appendix B.

b. Efficiency conservation payments made by IID to Conserving Party under this Program shall be calculated as provided in this Appendix B.

c. If all obligations under the Conservation Agreement are being performed by Conserving Party and there exists no dispute or disagreement between IID and Conserving Party at that time, payments for ADWR shall be made by IID to Conserving Party.

d. If the Conservation Period is one year or less, payment shall be made in two parts. The first payment shall be made by IID to Conserving Party within sixty (60) days of full execution of the Conservation Agreement. The first payment will be in an amount equal to the Annual ADWR of the Participating Field(s) multiplied by a flat dollar amount set by the IID board of directors. The second

and final payment shall be made within sixty (60) days of final calculation of the total aggregate Annual ADWR for all Conservation Agreements in which the actual final harvest date occurs in that Calendar Year.

e. Program does not issue contracts for periods of greater than one year.
f. Notwithstanding the above, total payments for any twelve-month period shall not exceed the Payment Rate multiplied by 4 acre-feet per acre nor any applicable rate cap set by the IID board of directors.

10. Interface with Equitable Distribution

a. This section shall only apply when there is an IID apportionment or allocation program being implemented and applicable to the Participating Field(s) under an EDP.
b. Conserving Party shall hereby assign to IID an equivalent volume of water to the portion of the CDWR estimated as applicable during the Conservation Period within each Calendar Year of the Conservation Period or for another amount mutually agreed upon by IID and Conserving Party upon IID's approval and discretion. Such assignment shall occur at the earliest time such water is available (e.g. Start Date of Conservation Period, January 1 of the Calendar Year, as appropriate). Water assigned to IID shall be held in a separate accounting as determined appropriate by IID and unavailable for use by Conserving Party. Within a time period determined appropriate by IID prior to the end of each Calendar or the expiration of the Term of the Conservation Agreement, whichever is earlier, IID shall calculate the applicable ADWR. Any difference between the amount assigned to IID and the ADWR shall be returned to Conserving Party.
c. Delivered Water to the Participating Field(s) shall be in accordance with the EDP and any applicable rules and procedures.
d. Pursuant to and in accordance with an EDP, any form determined by IID to be necessary for implementation of this Program under an allocation or apportionment program shall be submitted for the Participating Field(s) for each Calendar Year of the Conservation Period.

Appendix C: General Specifications for Measurement Equipment (Meters) Acceptable to IID

Scope and Purpose:
These specifications provide minimum requirements for meters measuring irrigation deliveries to Participating Field(s) in the Program.

General Description:
In the event a meter is used for participation in the Program, Conserving Party must coordinate and ensure that such meters must meet the following requirements:

- Continuously measure and record the amount of water delivered to the Participating Field(s). Measurements will be made and recorded as determined appropriate by IID.
- Installed downstream of an IID delivery gate.
- Equipped to communicate with IID's SCADA system via radio telemetry.

Performance Requirements:
The meter shall be designed and constructed so that it will meet the following standard performance requirements:

1. A normal operating range sufficient to accurately measure the water flow passing the flow meter under normal operating conditions. Minimum flow = 0.1 cuffs. **Maximum flow = 30.0 cfs. Resolution = 0.10 cfs or better**.
2. Error of not more than 5% of the actual flow.
3. All meter equipment must be rated for 140°F or more.
4. All meter equipment must operate in existing conditions with normally-experienced amounts of silt and trash in IID canals.
5. The meter must have sufficient capacity, without cycling past zero more than once each year, to record the volume (acre-feet) of water diverted in any one calendar year. Minimum requirement for the flow totalizer is 9999.999 acre-feet.
6. All installed meter equipment shall meet or exceed the instructions of the manufacturer(s) of the components.
7. The meter and associated equipment shall not interfere with any function performed by IID operators. For example, nothing shall prevent or interfere with the delivery gate moving from a fully closed position to a fully open position.

Adapted from IID Draft Technical Specifications for SCADA-Equipped Delivery Gate Flow Meter. September 21, 2009.

Appendix D: Conservation Measure Descriptions

The following are brief descriptions of CMs that may be implemented as part of the Program. This is not intended to be an exhaustive list of the CMs that may be implemented by Conserving Party. However, any CM not listed below must be approved by IID in writing during the enrollment process. Standards and specifications for CM implementation are provided in Appendix E.

Irrigation Scheduling and Event Management (ISEM)
ISEM consist primarily of management practices, which includes, but is not limited to, use of weather models and soil moisture measurements to estimate crop water requirements and optimize the timing and amounts of irrigation applications, considering such constraints as harvest schedules and water and labor availability. ISEM seeks to optimize such irrigation parameters as flow rate, event duration, application rate, and cut-off time to match crop water needs, soil characteristics, and water availability. ISEM may be combined with other CMs.

Group Deliveries
Control over a group of water delivery gates near one another on the same lateral canal and all fields served by those gates are Participating Field(s) in the Program. This measure allows for arrangements to be made to coordinate water delivery events to these gates to result in an overall reduction in water deliveries to the Participating Field(s). For example, the coordination of concluding a water delivery event early or late at one delivery gate while starting a water delivery event early or late at a nearby gate will reduce water delivery between the two gates. Approval from IID of such measures is necessary for coordination with IID, including coordination with IID throughout implementation of the measure to ensure coordination of unscheduled changes to water deliveries. Conserving Party must ensure that actual delivery volumes are accurately recorded for the correct gates, fields and crops.

Tailwater Recovery Systems with Extended Delivery (TRS)
TRS consist of physical improvements to capture and reuse tailwater coupled with management practices to maximize these results. TRS include the following key components:

- Storage – a means of collecting tailwater for reuse, ranging from a tailwater ditch and small sump to a dedicated tailwater pond.
- Conveyance – a means of conveying collected tailwater back to the head of the field from which it was produced or to another field for reuse. Conveyance may range from a series of drop boxes and culverts for a cascading system to a pump and motor along with a buried pipeline for a permanent system with a dedicated tailwater pond.

A primary management practice associated with successful operation of a TRS is to avoid overloading the system with large tailwater flows and to maximize the use of collected tailwater to offset the irrigation delivery. One way to accomplish this is by

extending the delivery duration. Extended delivery is increasing the duration of the delivery while simultaneously reducing the delivery flow rate. This is accomplished by reducing the number of borders or furrows irrigated simultaneously (increasing the number of sets), thus reducing the flow rate of tailwater coming off of the field. Extending the delivery duration also provides more time during which to utilize the collected tailwater to offset irrigation deliveries.

To further illustrate extended delivery, consider the example of an 80-acre field irrigated in 24 hours with a 15 cfs delivery. For a typical delivery, suppose the following is true:

- Irrigated in four sets of 6 hours each.
- Six 110' wide borders are irrigated in each set with an inflow of 2.5 cfs each.
- Tailwater volume is 20% of the delivery volume.

Under extended delivery, the grower could reduce the order to 7.5 cfs for the first day and only irrigate 3 borders at a time, while collecting the tailwater. Then, in order to complete the irrigation, a total of 8 sets are needed with a total delivery length of 48 hours (8 sets at 6 hours each). On the second day, the grower would reduce the order to 4.5 cfs and pump back 3 cfs of the accumulated tailwater from the tailwater pond, irrigating for a total of 24 hours to finish irrigating the field.

The result would be an order of 7.5 cfs for one day (15 acre-feet) plus 4.5 cfs for 1 day (9 acre-feet), or a total delivery of 24 acre-feet. This is 20% less than the typical order of 15 cfs for 1 day (30 acre-feet), but the total amount of water **applied** to the field as a canal delivery or recirculated tailwater is the same. This example is further illustrated in Table B-1.

Table B-1. Example of Delivery Characteristics with and without TRS with Extended Delivery.

Irrigation Event Characteristic	Without TRS	With TRS
Duration	24 hours	48 hours
Ordered Flow Rate	15 cfs	7.5 cfs (1st day), 4.5 cfs (2nd day)
Number of Sets	4	8
Set Duration	6 hours	6 hours
Number of Borders per Set	6	3
Border Width	110 feet	110 feet
Border Inflow	2.5 cfs	2.5 cfs
Tailwater Percentage[1]	20%	20%
Canal Delivery Volume	30 ac-ft	24 ac-ft
Tailwater Delivery Volume	0 ac-ft	6 ac-ft
Reduction in Canal Deliveries	NA	6 ac-ft (20%)

[1] The tailwater percentage is the amount of applied water that runs off of the field and either into the drain box (without TRS) or into the tailwater pond (with TRS). In the example above, the amount of tailwater entering the drain is 20% of the delivery with the TRS system installed and operating under extended delivery.

Portable TRS

Portable TRS generally consist of a moveable pump, such as a trailer mounted diesel pump or a wheel tractor and a PTO-driven pump discharging into a temporary pipeline such as 10" aluminum mainline. Often, a small sump is dug upstream of the tailwater box to provide a small amount of storage to allow tailwater to accumulate and reduce the risk of the pump running dry.

Permanent TRS

Permanent TRS generally consist of a permanent pump, such as an electric- or diesel-driven vertical turbine lift pump, a permanent tailwater pond, and a buried pipeline to convey pumped tailwater back to the head ditch.

Cascading TRS

Cascading TRS generally consist of little or no storage at the bottom of the field and drop boxes and culverts to allow tailwater to run from the tail end of an uphill field into the head ditch of a downhill field via gravity.

Pressurized Irrigation

Pressurized irrigation systems convey irrigation water to the location in the field of infiltration into the root zone rather than allowing water to run across the soil by gravity to reach the crop. Pressurized irrigation systems can be designed, maintained, and operated to apply water with good uniformity and to avoid tailwater runoff while minimizing deep percolation and evaporation.

Drip Irrigation

Drip irrigation, also known as "trickle" or "micro" irrigation includes a wide variety of low pressure, low volume discharge devices used to apply water at the point of infiltration. The use of Colorado River water with drip irrigation requires adequate filtration to prevent emitter clogging. Typical filter technologies for drip irrigation using Colorado River water include sand media filters and disc filters.

Sprinkler Irrigation

Sprinkler irrigation includes a wide variety of discharge devices ranging from low pressure, low volume to high pressure, high volume used to broadcast irrigation water to the location of use. The use of Colorado River water with sprinkler irrigation requires adequate filtration to prevent nozzle clogging. Typical filter technologies for sprinkler irrigation using Colorado River water include screen filters.

Solid Set Sprinkler Irrigation

Solid set sprinkler irrigation, as most commonly used in the Imperial Valley, is accomplished by laying out aluminum mainline and laterals in the field with impact sprinklers on risers. The sprinkler pipe is typically installed for pre-irrigation and germination, or it may be used for the entire season.

Center Pivot Irrigation

Center pivot irrigation is a form of sprinkler irrigation in which a single sprinkler lateral, or series of "spans" is anchored at a single location, typically near the water source, and water is pumped into the span to supply sprinklers on the spans. The spans rotate around the anchor point in a ¼, ½, or a full circle, irrigating the full area under the sprinklers. Where used, center pivot irrigation replaces the former irrigation system rather than only being used for germination or pre-irrigation.

Level Basin Irrigation

Level basin irrigation is accomplished by forming level or near-level basins within a field. In the traditional sense, all applied water infiltrates into the soil, with no surface runoff; however, experience has shown that level basin irrigation in the Imperial Valley may require a slight grade to the field and an outlet to allow ponded water to drain. The principle of level basin irrigation is to apply water to each basin as quickly as possible so that it spreads uniformly across the basin and infiltration is uniform. Level basin irrigation generally requires large flows of water, and basin set times are short compared to irrigation of comparatively long, graded borders. Applied water amounts must be matched to soil infiltration rates to avoid excessive ponding that may waterlog or scald the crop.

Surface Irrigation Optimization

Measures to improve existing gravity-flow surface irrigation systems that reduce inefficiencies and irrigation delivery requirements. Such measures include field reconfiguration measures, such as major land leveling to optimize field slope, creating compound slopes, constructing level basins and terraces, constructing multiple head ditches to shorten run length, reorienting rows or borders to optimize slope and infiltration and optimizing border width. Other examples of such measures include, but are not limited to, impermeable head ditch liners, gated pipe, surge flow, limited tillage programs or soil amendments to improve infiltration, and the use of surface irrigation modeling software to guide field configuration with irrigation event management.

Appendix E: Standards and Specifications for Conservation Measures

In general, participants are provided a high degree of flexibility in the configuration and components of CMs implemented as part of the Program, provided that the following minimum requirements are met:

- CMs that involve a physical improvement must be completely constructed and operated prior to the period during which the CDWR is to be achieved to ensure that the Actual DWR can be achieved through efficiency improvements.
- CMs that involve a physical improvement must be designed, constructed, and operated according to Industry Standards, as provided by the Natural Resources Conservation Service (NRCS) or another source pre-approved by IID. NRCS standards and specifications for CMs are available upon request.
- CMs that involve a practice, rather than a physical improvement, must be designed and implemented according to IID standards and subject to IID approval to ensure that the ADWR can be achieved through the efficiency practice.

Appendix F: Technical Review Committee

A Technical Review Committee (Committee) will be formed to hear appeals or technical matters requiring special consideration. Committee members may only serve one two-year term, after which the respective alternate fills the position and a new alternate is selected. The composition of and guidelines for the Committee and the appeals process will be as follows:

Committee composition:

- One voting member and alternate appointed by WCAB (not necessarily a WCAB member).
- One voting member and alternate appointed by ICFB (not necessarily an ICFB Board member).
- One voting member and alternate irrigation consultant hired by IID or, alternatively, employed by another agency.
- One non-voting moderator and alternate from an on-farm conservation team to be designated by IID to inform committee members of IID policies and program parameters.
- One secretary and alternate from IID Water Department staff.

Guidelines:

- An appeal or technical review can be requested by Program applicants/participants or by IID only after thorough consultation involving both parties fails to reach a mutually satisfactory resolution.
- To request a technical review, the requesting party must complete an IID-designated form that includes a written description of the circumstances requiring special consideration or appeal. Copies must be provided to both the Committee moderator and the non-appealing party.
- Within 7 calendar days of receipt of a request form, the non-appealing party may also prepare a written statement from the same template to present pertinent facts or views to the Committee. Copies must be provided to both the Committee moderator and the appealing party.
- The moderator will provide Committee members with copies of all documents. Committee members will review such documents independently and provide a brief written opinion to the moderator as whether the matter should be taken up in a formal Committee meeting.
- Within 14 calendar days of receipt of the initial request form, the Committee moderator must inform both parties of the time and place of the scheduled Committee meeting where the matter will be heard. The meeting must be scheduled within 28 calendar days of receipt of the initial request form.
- Both parties may attend the Committee meeting and provide limited verbal statements at the appointed time.
- The Committee may table a review for no more than 14 calendar days to gather further information. The Committee moderator will provide a written decision to both parties within 7 calendar days of the Committee meeting wherein a decision will be stated concerning the matter. The Committee's decisions are final and

may not be appealed. All determinations made by the Committee are binding. Program applicants may choose to withdraw the proposal or resubmit it with the specified amendments.

- The Committee secretary will provide meeting minutes to the Committee members within 3 working days of each meeting.

Appendix G: Sample Lease/Sub-Lease Agreement Language

This Efficiency Conservation Addendum to Farming Lease ("Addendum") is attached to and constitutes a part of the Farming Lease between _____, as Landlord/Lessee ("Landlord"), and _____, as Tenant/Sub-Lessee (the "Tenant"). The terms of this Addendum are hereby incorporated in the _____ ("Lease") as if set forth in full.

1. Conservation Agreement

a. Landlord and the Imperial Irrigation District ("IID") entered into that certain IID On-Farm Efficiency Conservation Agreement _____ (the "Conservation Agreement"), a copy of which is attached hereto as _____, and incorporated herein as if set forth in full. All initially capitalized terms not otherwise defined in the Lease or this Addendum shall have the same meanings as set forth in the Conservation Agreement. Pursuant to the Conservation Agreement, Landlord, as the Conserving Party, has agreed to reduce the amount of water that IID delivers to the premises demised under the Lease (which is referred to as the Participating Field in the Conservation Agreement) during each Calendar Year by _____ acre feet for each acre contained in the Participating Field (such agreed upon reduction is referred to in the Conservation Agreement as the Contracted Delivered Water Reduction ("CDWR"). In order to achieve the CDWR, Landlord has agreed to implement the Conservation Measures ("CM") specified in Exhibit C to the Conservation Agreement.

b. The Lease is subject and subordinate to the Conservation Agreement. In the event of a conflict between the provisions of the Lease and the provisions of this Addendum, or the provisions of the Conservation Agreement, this Addendum, and secondarily the Conservation Agreement, shall control.

2. Conservation Measures.

a. Landlord retains the obligation to implement the following CM (the "Landlord Obligations"): **[Identify specific obligations identified on Exhibit D of the Conservation Agreement that Landlord will perform. If Tenant will perform all Conservation Measures, then insert "None".]** Tenant hereby assumes all of Landlord's obligations under the Conservation Agreement with respect to achieving the CDWR and performing the CM, other than the performance of the Landlord Obligations. Without limiting the generality of the foregoing, Tenant specifically agrees as follows:

i. Tenant shall not permit the water delivery gate serving the Participating Field to serve any property other than the Participating Field, nor shall Tenant permit any water delivery gate serving other property to serve the Participating Field (unless otherwise approved by IID).

ii. Except for the Landlord Obligations, Tenant shall construct or install, or cause to be constructed or installed, facilities, equipment, and other physical changes to the Participating Field, as required to implement the CM as specified in Exhibit C to the Conservation Agreement. If required by IID, Tenant shall allow IID to modify, construct, or install delivery or drainage facilities to the Participating Field in accordance with standard IID specifications in order to implement the CM.

iii. Tenant shall utilize only the CM specified in Exhibit C to the Conservation Agreement, consistent with the objective of producing a crop utilizing otherwise normal farming practices.

iv. For each crop season on the Participating Field, Tenant shall provide Landlord and IID information identifying: the crop, planting date, expected final harvest date at time of planting, and actual final harvest date. Such information shall be received by IID within 14 days following the planting date.

v. Tenant shall assure that water conserved is the result of implementing the CM and not a deliberate reduction in crop evapotranspiration and/or crop yield.

vi. All irrigation water delivered to the Participating Field during the Term of the Conservation Agreement shall be measured and reported to IID and Landlord by Tenant. IID shall be responsible for measurement of water delivered through the delivery gate that serves the Participating Field. Any other water delivered to the Participating Field during the Term of the Conservation Agreement shall be measured and reported to IID by Tenant.

vii. Tenant shall allow Landlord and IID physical access to the Participating Field and associated on-farm Delivered Water records for the purpose of assessing compliance with the Conservation Agreement, determining the appropriate "Baseline" and calculating "Actual Delivered Water Reduction". Tenant shall provide, upon request by Landlord or IID, all records documenting the installation, operation, maintenance or other costs associated with the CMs. Tenant agrees that Landlord, IID, and their respective designees shall have the right to enter the Participating Field and, to the extent necessary, other adjacent land owned or leased by Tenant for the purpose of confirming compliance with the Conservation Agreement.

ix. If IID implements a water allocation or apportionment program pursuant to the Equitable Distribution Plan during the Term of the Conservation Agreement, Tenant shall remain responsible for meeting the CDWR, subject to Landlord's performance of the Landlord Obligations.

x. Tenant shall only grow the following crops on the Participating Field during the first crop season of the Term of the Efficiency Conservation Agreement:

_____
_____. If the Term of the Efficiency Conservation Agreement extends beyond one crop season, tenant shall submit a cropping plan to Landlord and IID listing the crop, planting date, expected final harvest date at time of planting, and actual final harvest date. This information shall be submitted for each crop season following the first crop season and shall be received by Landlord and IID within 14 days of planting date.

3. IID Payment for Conservation Measures

In consideration for the implementation of the Conservation Measures, IID has agreed to pay Landlord certain sums as specified in section 3 of the Conservation Agreement (the "Payment"). In consideration of Tenant's performance of the Conservation Measures as provided in this Addendum, Landlord agrees to pay to Tenant _____ percent of each Payment for Delivered Water Reduction received from IID. Each such Payment shall be made to Tenant promptly following Landlord's receipt of the same from IID. Notwithstanding the foregoing, Landlord shall have no obligation to pay Tenant any of the foregoing Payments received from IID at any time Tenant is in default or breach under the Lease (including this Addendum and Tenant's assumed obligations under the Efficiency Conservation Agreement) or a circumstance exists that, with the giving of notice, the passage of time, or both, would constitute a default or breach under the Lease (including this Addendum and Tenant's assumed obligations under the Efficiency Conservation Agreement); however, if any such default or breach is of a monetary nature, Landlord may, but shall not be obligated to, make such payment to Tenant less the sums owed to Landlord.

4. Noncompliance

a. Failure to Achieve DWR – If Tenant fails to achieve the CDWR, and the reason for such failure is due to Tenant's default or breach of its obligations under the Lease (including this Addendum and the assumed obligations under the Efficiency Conservation Agreement), then in addition to all other rights and remedies that Landlord may have, Tenant shall pay to Landlord the amount of the Payments for Delivered Water Reduction that Landlord would have been entitled to receive from IID had the CDWR been achieved (less the amount thereof that Tenant would be entitled to as provided in section 3, herein). In addition, if Landlord is required to return any Payments for Delivered Water Reduction, all or a portion of which was in turn paid over to Tenant pursuant to section 3, herein, then Tenant shall, immediately upon notice thereof from Landlord, return to Landlord the amount so paid to Tenant.

b. Non-Compliance With Provisions of Efficiency Conservation Agreement – If Landlord determines that Tenant is in non-compliance with the Conservation

Agreement or has breached this Addendum, Landlord may give Tenant notice of such non-compliance or breach, and Tenant shall have five (5) days following delivery of such notice to cure the non-compliance or breach. If the non-compliance or breach is not timely cured, Tenant shall be deemed in default and breach under the Lease, without the need for any additional notice.

5. Indemnity.

Tenant shall indemnify, defend and hold Landlord harmless from all claims, losses, damages, liabilities and expenses (including reasonable attorneys' fees) arising from Tenant's failure to abide by the provisions of the Conservation Agreement or Tenant's failure to perform its obligations under this Addendum, including, without limitation, any losses sustained and costs incurred by Landlord pursuant to IID's exercise of its rights under section 5 of the Conservation Agreement.

6. Amendment to Efficiency Conservation Agreement

Landlord reserves the right to amend the Efficiency Conservation Agreement from time to time, and if any such amendment necessitates an amendment to this Addendum, Tenant agrees to amend this Addendum as necessary to conform this Addendum to such amendment to the Efficiency Conservation Agreement.

7. Ownership of Conservation Measure Improvements.

If Tenant pays for any Conservation Measure that constitutes an improvement to the Participating Field such that the improvement becomes part of the realty, then such improvement shall become the property of Landlord and shall remain on the Participating Field upon the expiration or earlier termination of the Lease unless Landlord requires Tenant to remove such improvement. If Landlord does not require such removal, then Landlord shall pay to Tenant, upon such expiration or earlier termination of the Lease, the unamortized cost of such improvement, which amortization shall be based upon straight line depreciation of _____ over ____ years; provided, however, Landlord shall have no obligation to make such payment in the case of an early termination of the Lease arising from a default by Tenant under the Lease (including this Addendum and the assumed obligations under the Efficiency Conservation Agreement).

IN WITNESS WHEREOF, Landlord and Tenant have executed this Addendum as of the date of the Lease.

LANDLORD:	TENANT:
_____	_____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

Appendix H: Assignment and Assumption of IID On-Farm Efficiency Conservation Agreement

ASSIGNMENT AND ASSUMPTION OF IID ON-FARM EFFICIENCY CONSERVATION AGREEMENT

This ASSIGNMENT AND ASSUMPTION OF IID ON-FARM EFFICIENCY CONSERVATION AGREEMENT ("**Assignment**") is entered into as of _____, 20__, among _____ ("**Assignor**"), _____ ("**Assignee**") and the Imperial Irrigation District ("**IID**").

1. Introduction
   a. Assignor and IID are parties to that certain IID On-Farm Efficiency Conservation Agreement recorded on _____, 20__ in the Imperial County Recorder's Office on _____, 20__ as Instrument No. _____, and/or attached hereto as Exhibit 1 (the "**Agreement**") pertaining to the real property more particularly described therein (the "**Property**").
   b. Assignee is acquiring the Property from Assignor. In connection therewith, Assignor desires to assign the Agreement to Assignee and Assignee desires to assume Assignor's obligations under the Agreement.

2. Agreement

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

   a. Assignment. Effective as of the date the Property is conveyed to Assignee (the "**Conveyance Date**"), Assignor assigns to Assignee all of Assignor's right, title and interest in the Agreement.
   b. Assumption. Assignee accepts the foregoing assignment and assumes all of Assignor's obligations under the Agreement first arising from and after the Conveyance Date.
   c. Release. As of the Conveyance Date, Assignor is released from all liability under the Agreement first arising from and after the Conveyance Date. Assignor is not released from any liability under the Agreement arising prior to the Conveyance Date.
   d. General Provisions.
      1. Attorneys' Fees. In the event of any legal action or proceeding between the parties arising out of this Assignment, the losing party shall pay the prevailing party's legal costs and expenses, including, but not limited to, reasonable attorneys' fees as determined by the court.
      2. Authority. Each party represents and warrants that it has full power and authority to execute and fully perform its obligations under this Assignment, without the need for any further action.
      3. Counterparts. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement after each party has executed such a counterpart.

4. Governing Law. This Assignment shall be governed, construed and enforced in accordance with the laws of the State of California.
5. Successors. This Assignment shall be binding on and inure to the benefit of the parties and their respective heirs, legal representatives, successors, and assigns.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first set forth above.

ASSIGNOR:

_____

By:_____
Name:_____
Title:_____

ASSIGNEE:

_____

By:_____
Name:_____
Title:_____

IID:

_____

By:_____
Name:_____
Title:_____

Exhibit 1

IID On-Farm Efficiency Conservation Agreement

Exhibit B

1. A copy of the relevant provisions of the QSA governing the calculation of price paid by SDCWA to IID for conserved water, based on an annual price schedule with inflation adjustments based on dates of payment are attached.

EXHIBIT "B"
SYSTEM CONSERVATION IMPLEMENTATION AGREEMENT (SCIA) FOR 2023

FIFTH AMENDMENT TO AGREEMENT BETWEEN IMPERIAL IRRIGATION DISTRICT AND SAN DIEGO COUNTY WATER AUTHORITY FOR TRANSFER OF CONSERVED WATER

THIS FIFTH AMENDMENT TO THE AGREEMENT BETWEEN IMPERIAL IRRIGATION DISTRICT AND SAN DIEGO COUNTY WATER AUTHORITY (the "Fifth Amendment") dated as of December 21, 2009, by and between IMPERIAL IRRIGATION DISTRICT ("IID"), a California irrigation district and SAN DIEGO COUNTY WATER AUTHORITY ("Authority"), a California county water authority, amends that certain Agreement For Transfer of Conserved Water by and between Imperial Irrigation District and San Diego County Water Authority dated April 29, 1998, as amended by all previous amendments (the "Agreement").

Article 1

Additional Definitions

Sections 1.1 of the Agreement is modified to add the following new definitions:

"(ei) GDPIPD Inflation Index – For each Calendar Year starting with Calendar Year 2016, the published value applicable to January 1 for that Calendar Year of the Gross Domestic Product Implicit Price Deflator published by the Bureau of Economic Analysis of the United States Department of Commerce in the Survey of Current Business, minus the published value applicable to the January 1 for the Calendar Year one year prior divided by the published value applicable to the January 1 for the Calendar Year one year prior. The GDPIPD Inflation Index ("I") for the year 'n' is calculated by the following formula:

$$I = \frac{\text{GDPIPD Inflation Index Jan. 1Year 'n' - GDPIPD Inflation Index Jan. 1 Year 'n-1'}}{\text{GDPIPD Inflation Index Jan. 1 Year 'n-1'}}$$

Article 2

Price Modification

Notwithstanding Section 5.2(a) to 5.2(d)and Section 5.3, for the period from Agreement Year 1 (2003) through and including Agreement Year 32 (2034), new Section 5.2(e) to 5.2(j), as set forth below, shall control, and provide the exclusive means to establish, the price per acre foot for Conserved Water.

"5.2(e) Notwithstanding the provisions of § 5.2(a) to 5.2(d), the price per AF for Agreement Year 1 through Agreement Year 13, shall be as follows:

Agreement Year	*Calendar Year*	*Price per AF*
1	*2003*	*$258*
2	*2004*	*$267*
3	*2005*	*$276*
4	*2006*	*$286*
5	*2007*	*$296*
6	*2008*	*$301*
7	*2009*	*$347/$353**
8	*2010*	*$405*
9	*2011*	*$446*
10	*2012*	*$491*
11	*2013*	*$540*
12	*2014*	*$594*
13	*2015*	*$624*

**(Six months at each price.)"*

"5.2(f) Notwithstanding the provisions of § 5.2(a) to 5.2(d), the price per AF for Agreement Year 14 through Agreement Year 32 shall be adjusted annually based on the annual GDPIPD Inflation Index as of January 1 in each Agreement Year, with any adjustments and settling up needed to be as set forth in Article 6 to the extent the published value applicable to January 1 of any year is not yet available to calculate the rate for any Authority payment to IID.

The calculation of the price adjustment shall use the following formula: the price per acre-foot for year 'n' is equal to 1 plus the GDPIDP for year 'n' times the price per acre-foot for year 'n-1'. An example for the price in Agreement Year 14 would be calculated as follows, assuming the January 1 GDPIPD value for January 1 in Agreement Year 14 is 110 and in Agreement Year 13 is 105. The GDPIPD Inflation Index for Agreement Year 14 is (110-105)/105 =0.0476. Add 0.0476 to 1 equals 1.0476. Multiply 1.0476 times the price per acre foot in Agreement Year 13 of $624 = $653.70."

AGREEMENT FOR TRANSFER OF CONSERVED WATER
by and between
IMPERIAL IRRIGATION DISTRICT, a California irrigation district , and
SAN DIEGO COUNTY WATER AUTHORITY, a California county water authority
Dated: April 29, 1998

ARTICLE 1 - DEFINITIONS AND RULES OF CONSTRUCTION

1.1 **Definitions**. As used in this Agreement, the following terms have the following meanings.

(dz) Treasury Rate. The interest rate on six (6) month constant maturity U.S. Treasury securities, as announced in Federal Reserve Statistical Release H.15 (Selected Interest Rates). If the publication of Federal Reserve Statistical Release H.15 is discontinued, or if the Treasury Rate is altered in some material manner, including changing the name of the rate or the securities measured in the rate, the Parties must use their reasonable best efforts to agree on a substitute rate that reasonably captures the same factors, such as risk, duration, and maturity.

ARTICLE 6 - PAYMENT AND TRANSFER

6.1 **Schedule for Payments**.

(c) **Initial Semi-Annual and Final Annual Settling-Up**. Although the payment schedule set forth in § 6.1(a) and (b) above is based on a fixed price and assumes that Conserved Water is transferred in twelve (12) equal quantities, the actual amount due under this Agreement, as specified in Article 5, must take into account price changes throughout an Agreement Year. As a result, the sum of the twelve (12) monthly payments actually made may be more, or less, than the actual amount due. Therefore, on a semi-annual and year end basis, as of the tenth (10th) Business Day of August and February respectively (the "**Settling-Up Dates**"), after the conclusion of the January to June and January to December invoicing periods, the Parties must calculate the amount of any under- or overpayment by the Authority. This under- or overpayment is referred to as the "**Settling-Up Payment**." If the Authority has paid more than is required under the Agreement, the Authority is entitled to a refund from the IID; the Settling-Up Payment represents the amount that the IID must pay the Authority. If the Authority has paid less than is required, the Settling-Up Payment represents the additional amount that the Authority must pay the IID. No deferral of the Settling-Up Payment is permitted.

(e) **"As-If" Payments**. The goal of the Settling-Up Payment is to provide the same economic costs and benefits to the Parties "as if" each monthly payment had been made in the amount actually due under the Agreement, based on the prices that actually apply during the month and the quantities of Conserved Water transferred (or deemed to be transferred) during the month. For the initial semi-annual period (January to June) and the full annual period (January to December), the difference between the adjusted semi-annual amount, the adjusted annual amount and the amount actually paid must be determined. This difference (whether under- or overpayment) is then increased

by the simple interest that accrues from the monthly Due Date to the Settling-Up Date, with a daily interest rate based on the Treasury Rate (taking the sum of the daily closing rates during the period interest is being paid and dividing it by the sum of Business Days that interest is being paid). Exhibit I to this Agreement contains an example of how the Settling-Up Payment is calculated.

(f) **Mechanics**. Within ten (10) Business Days after the end of the semi-annual periods, or as soon as possible thereafter, the IID will give to the Authority notice of the IID's calculation of the Settling-Up Payment. Within ten (10) Business Days after the Authority receives that notice, or as soon as possible thereafter, the Authority will advise the IID whether it agrees with that calculation. If the Parties agree, then the Settling-Up Payment must be made on the Settling-Up Date.

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Office of the General Manager

December 12, 2023

Mr. Dan Denham
General Manager
San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123

Ms. Jamie L. Asbury
General Manager
Imperial Irrigation District
P.O. Box 937
Imperial, CA 92251

RE: Agreement for
50,000 acre-feet of conserved water in IID's 2023 System Conservation Implementation Agreement

Dear Mr. Denham and Ms. Asbury:

The Metropolitan Water District of Southern California "Metropolitan" is in receipt of San Diego County Water Authority "SDCWA's" October 6, 2023, letter requesting a modification to the quantity of water to be made available to Metropolitan in 2023 under the Exchange Agreement. The letter states that in accordance with coordination with IID to help facilitate California conservation targets in the Lower Basin Plan through 2026, SDCWA desires to reduce the total 2023 exchange volume by 50,000 acre-feet over the two-month period from November through December 2023 (25,000 acre-feet less in each month).

On November 14, 2023, Metropolitan's Board authorized me on behalf of Metropolitan to enter into agreements with SDCWA and IID as appropriate to facilitate IID's conservation proposal to the U.S. Bureau of Reclamation for inclusion in Reclamation's LC Conservation Program for calendar year 2023. Under a portion of IID's proposal, instead of transferring 50,000 acre-feet of conserved water to SDCWA during 2023, that conserved water will be left in Lake Mead as system conservation under IID's 2023 System Conservation Implementation Agreement.

Accordingly, the parties agree as follows:

SDCWA will reduce the amount of water it scheduled to make available to Metropolitan under the 2003 Exchange Agreement by 50,000 acre-feet during 2023 and will increase its projected full-service water purchases from Metropolitan by 50,000 acre-feet in November and December 2023. IID will amend its Colorado River water order to account for the same reduction

in the IID transfer to SDCWA. Metropolitan will reduce its Colorado River water order to account for the same reduction in the IID transfer to SDCWA. In recognition of a collective interest in meeting California conservation targets contained in the Colorado River Board of California's October 5, 2022 letter, which proposed a goal that California agencies conserve 400,000 acre-feet per year of water in Lake Mead between 2023 and 2026, Metropolitan will modify the delivery schedule for exchange water in 2023 according to the table provided in SDCWA's October 6, 2023 letter pursuant to Section 3.2(c) of the Exchange Agreement, due to SDCWA's agreement to increase its projected full-service water purchases from Metropolitan in November and December 2023 and IID's agreement to amend its Colorado River water order to account for the same reduction in the IID transfer to SDCWA.

Metropolitan agrees to make any necessary retroactive adjustments to SDCWA's monthly billing invoices to implement this agreement. IID, SDCWA, and Metropolitan each agree not to assert any rights to the 50,000 acre-feet so it can be left in Lake Mead as system conservation.

Additionally, Metropolitan's agreement to SDCWA's request is based on the particular circumstances of this request and Metropolitan's operations this year. It should not be interpreted as precedent setting.

If the above meets with your understanding, please countersign below and return a copy to Metropolitan.

If you have any questions about this letter, please contact Deven Upadhyay at 213-217-6686 or via email at dupadhyay@mwdh2o.com.

Sincerely,

Adel Hagekhalil
General Manager
The Metropolitan Water District of Southern California

ACKNOWLEDGED AND AGREED TO

Dan Denham
General Manager
San Diego County Water Authority

ACKNOWLEDGED AND AGREED TO

Jamie L. Asbury
General Manager
Imperial Irrigation District

cc: [insert names]

December 13, 2023

Mr. Dan Denham
General Manager
San Diego County Water Authority
4677 Overland Avenue
San Diego, CA 92123

RE: Agreement for 50,000 acre-feet of IID's conserved water not to be transferred

Dear Mr. Denham:

The Imperial Irrigation District has been pursuing its proposal to conserve water consistent with the California conservation targets outlined in the Lower Basin Plan for 2023-2026. In November 2022, the Imperial Irrigation District (IID) submitted a proposal to the United States Bureau of Reclamation under the Lower Colorado Conservation and Efficiency Program (LC Conservation Program), specifically a 1.b funding proposal for water conservation to be generated from 2023 to 2026 that will benefit the Colorado River system. IID's 1.b proposal was evaluated and selected for funding at a negotiated price by Reclamation based on pricing provisions from the Quantification Settlement Agreement (QSA) paid by San Diego County Water Authority (SDCWA). As you are aware, for numerous reasons including timeliness, IID and Reclamation have embarked upon a process to bifurcate IID's proposal into two agreements, one for 2023 and one for 2024-2026. To that end, IID has negotiated an agreement under the LC Conservation Program with Reclamation for 2023 that can be finalized and executed as soon as possible prior to the end of the year.

IID intends to enter into the *System Conservation Implementation Agreement (SCIA) for 2023 Between the United States Bureau of Reclamation and the Imperial Irrigation District to Implement the Lower Colorado Conservation and Efficiency Program (LC Conservation Program)* (2023 SCIA) targeting the creation of 100,000 acre-feet in total of conserved water to remain in Lake Mead as system conservation water in exchange for financial compensation. Under the 2023 SCIA, IID specifically proposes to create 50,000 acre-feet of conservation, with sufficient contractual flexibility to receive compensation for up to 65,000 acre-feet of conserved water under the On-Farm Efficiency Conservation Program (OFECP), and not transfer 50,000 acre-feet of conserved water, also created under the OFECP, to San Diego County Water Authority (SDCWA) under the Quantification Settlement Agreement (QSA). IID desires to work with SDCWA to take the steps necessary to allow for the 50,000 acre-feet conserved water that would otherwise be transferred to SDCWA under the QSA to remain in Lake Mead as system water conservation under the 2023 SCIA.

To initiate this action under the 2023 SCIA, SDCWA submitted a letter to the Metropolitan Water District of Southern California (MWD) on October 16, 2023, to request a 50,000 acre-feet reduction to the quantity of water to be made available to MWD in 2023 under the Exchange Agreement. SDCWA will also increase its projected full-service water purchases from MWD by 50,000 acre-feet in the fourth quarter of 2023. This reduction in the quantity of IID transfer water made available to SDCWA will be reflected in both IID and MWD's Colorado River water orders to account for an equal volume reduction in the IID transfer to SDCWA and the MWD delivery schedule under the Exchange Agreement.

Further, to facilitate the 2023 SCIA, SDCWA will continue to pay IID for the full volume of conserved water to be transferred under the QSA, including the 50,000 acre-feet to not be transferred to SDCWA and to remain in Lake Mead pursuant to the 2023 SCIA. SDCWA's payment to IID will continue under the same timing, calculation, and manner as set forth under the QSA without modification. However, IID will reimburse SDCWA that amount paid following execution and implementation of the 2023 SCIA. Specifically, IID will reimburse SDCWA the full amount paid to IID for the 50,000 acre-feet not transferred to SDCWA and to remain in Lake Mead within 15 days following IID's receipt of the first payment from Reclamation under the 2023 SCIA, anticipated in January 2024.

If the above meets with your understanding, please countersign below and return a copy to IID.

If you have any questions about this letter, please contact Tina Shields at (760) 339-9038 or via email at tlshields@iid.com.

Sincerely,

Jamie L. Asbury
General Manager
Imperial Irrigation District

ACKNOWLEDGED AND AGREED TO

_____

Dan Denham
General Manager
San Diego County Water Authority