

Option Submittal Form

Contact Information (optional):

Keep my contact information private

Contact Name: _____	Title: _____
Affiliation: _____	
Address: _____	
Telephone: _____	E-mail Address: _____

Date Option Submitted: 1/30/12

Option Name:

Water Pricing Reform

Description of Option:

<p>Comprehensive review of Bureau of Reclamation's rates charged for water deliveries to contract holders throughout the Colorado River Basin. Potential adjustment of rates to bring them in closer alignment with market conditions (and thereby promote water conservation). This option would extend to holders of BCPA section 5 contracts for mainstem water deliveries in the Lower Basin (e.g., Imperial Irrigation District, Metropolitan Water District) -- who currently are charged nominal or no fees for these deliveries -- and also to holders of contracts for water deliveries from reclamation projects located in the Upper Basin and on the Lower Basin tributaries.</p>

Location: Describe location(s) where option could be implemented and other areas that the option would affect, if applicable. Attach a map, if applicable.

<p>This option potentially would be applicable throughout the Colorado River Basin (again, via BCPA section 5 contracts for Lower Basin mainstem deliveries and general contracts for water deliveries from reclamation projects located in the Upper Basin and on the Lower Basin tributaries).</p>
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Quantity and Timing: Roughly quantify the range of the potential amount of water that the option could provide over the next 50 years and in what timeframe that amount could be available. If option could be implemented in phases, include quantity estimates associated with each phase. If known, specify any important seasonal (e.g., more water could be available in winter) and/or frequency (e.g., more water could likely be available during above-average hydrologic years) considerations. If known, describe any key assumptions made in order to quantify the potential amount.

<p>This option could be carefully sequenced for ease of implementation. In an initial stage of the review process, different types of delivery contracts could be categorized based upon their potential for in-depth review and potential reform of their pricing terms (i.e., prioritization of low-hanging fruit). In turn, a gradual step-up approach could be followed -- i.e., a fair, predictable schedule could be established -- in cases where pricing terms seem unduly low vis-a-vis market conditions and thus warrant upward adjustment.</p>
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Additional Information

Technical Feasibility: Describe the maturity and feasibility of the concept/technology being proposed, and what research and/or technological development might first be needed.

n/a

Costs: Provide cost and funding information, if available, including capital, operations, maintenance, repair, replacement, and any other costs and sources of funds (e.g., public, private, or both public and private). Identify what is and is not included in the provided cost numbers and provide references used for cost justification. Methodologies for calculating unit costs (e.g., \$/acre-foot or \$/million gallons) vary widely; therefore, do not provide unit costs without also providing the assumed capital and annual costs for the option, and the methodology used to calculate unit costs.

I am less informed than I would like to be about the various revenue sources that make up the Bureau of Reclamation's annual budget. Perhaps the funds needed for the review and potential calculation of adjustments could come from the agency's general appropriation. Or perhaps funds earmarked specifically for follow-up programs to the Basin Study might be used for this purpose.

Permitting: List the permits and/or approvals required and status of any permits and/or approvals received.

n/a

Legal / Public Policy Considerations: Describe legal/public policy considerations associated with the option. Describe any agreements necessary for implementation and any potential water rights issues, if known.

It would be necessary to work with existing contract holders to implement this option, and foreseeably not all of these parties would be amenable to having the pricing terms of their contracts reviewed and potentially adjusted. It may be possible to conduct this review and any potential adjustments in conjunction with renewals of expiring contracts -- at least in some cases. It also may be possible to couple these measures with federal funding for technical improvements that enable contract holders to use less water (though funding for this approach would have to be secured).

Implementation Risk / Uncertainty: Describe any aspects of the option that involves risk or uncertainty related to implementing the option.

As noted, political resistance by existing contract holders is a risk -- though, potentially, a manageable one.

Reliability: Describe the anticipated reliability of the option and any known risks to supply or demand, such as: drought risk, water contamination risk, risk of infrastructure failure, etc.

Market-based water pricing reforms foreseeably would result in significant water conservation. Reliability does not seem to be an issue for this option. Nor do infrastructure- or water quality-related risks appear relevant.

Water Quality: Identify key water quality implications (salinity and other constituents) associated with the option in all of the locations the option may affect.

Water pricing-based reductions in water use in the Colorado River Basin likely would result in decreased salinity levels.

Energy Needs: Describe, and quantify if known, the energy needs associated with the option. Include any energy required to obtain, treat, and deliver the water to the defined location at the defined quality.

Energy Required	Source(s) of Energy
n/a	

Hydroelectric Energy Generation: Describe, and quantify if known, any anticipated increases or decreases in hydroelectric energy generation as a result of the option.

Location of Generation	Impact to Generation
n/a	

Recreation: Describe any anticipated positive or negative effects on recreation.

Locations	Anticipate Benefits or Impacts
Federal lands basinwide	Likely more water available for diverse forms of recreation

Environment: Describe any anticipated positive or negative effects on ecosystems within or outside of the Colorado River Basin.

Locations	Anticipated Benefits or Impacts
Basinwide	Likely greater flows for aquatic and riparian ecosystems

Socioeconomics: Describe anticipated positive or negative socioeconomic (social and economic factors) effects.

Higher pricing terms foreseeably would translate into higher value uses supplanting lower value ones. This pattern is particularly relevant with regard to the agricultural sector -- both internally and vis-a-vis the municipal and industrial sectors. Attention might need to be paid to third-party effects stemming from water pricing-based transfers moving water away from agricultural communities surrounding contract holders. Overall, a greater presence of higher value uses in basin states' water portfolios would have numerous beneficial effects on tax bases and publicly funded programs.

Other Information: Provide other information as appropriate, including potential secondary benefits or considerations. Attach supporting documentation or references, if applicable.

Only one additional consideration (benefit) bears noting: Charging contract holders below-market rates for water stored in and delivered from federal reclamation projects is unfair to federal taxpayers as a whole.