

DRAFT

TUCSON AMA SAFE-YIELD TASK FORCE ISSUE OUTLINE 5/25/00

ISSUE: CONSERVATION RELATED INCENTIVES TO USE RENEWABLE SUPPLIES

Substantial concern exists over the failure to use renewable water supplies in the Tucson AMA. There may be opportunities to build incentives to use renewable supplies into the conservation programs in the management plans or the compliance program. A program that needs evaluation is the possibility of generating recharge credits in advance of a potential violation that could be used to offset a potential penalty. This would provide an incentive for some providers to store CAP water that they might not otherwise have brought into the AMA.

BACKGROUND

The reasons that various entities are currently unable to use the CAP and effluent supplies that are available are not related to state statutes or the management plans. There are multiple reasons why renewable supplies are not fully utilized. They include: economic disincentives (renewable supplies are generally more costly); lack of distribution systems; water quality concerns; lack of access to supplies; technical problems; environmental regulations such as the Endangered Species Act; ACC limitations on private water companies; and political problems.

During the development of the Third Management Plan, a number of ideas were generated regarding ways to incorporate additional incentives for the use of renewable supplies into the Plan. The idea that received the most attention was a pro-active compliance program that would allow recharge of credits up-front to offset future violations. The concept is to encourage water supplies that are available now, but which would not otherwise be brought into the AMA, to be stored for future use. When the credits are used to offset a violation, the credits used to offset the violation amount would be in excess of 1:1.

A key consideration is encouraging private water companies that currently have an allocation of CAP water to keep it. In order to pass through costs of maintaining the allocation, ACC staff has insisted on seeing that it is "used and useful." Whatever incentive approach is developed should address this issue.

SOLUTIONS CONSIDERED

The following ideas have been considered. Additional ideas may be added to this list.

- Include in the management plan a provision to store renewable supplies through annual storage and recovery or long-term storage credits prior to a compliance action to offset the excess groundwater used above the GPCD or allotment. Volume stored would have to exceed the amount of the usage that is above the conservation limit. Volumes could vary depending on whether storage was in the area where the groundwater was withdrawn.

- Extend or amend the legislation that currently ends in 2000 that allows conservation overages to be offset with long-term storage credits.

PRELIMINARY RECOMMENDATIONS

- Through a statutory change, establish a provision to store renewable supplies through annual storage and recovery or long-term storage credits prior to a water use year to offset any possible groundwater use above the GPCD or allotment. No compliance action would be taken if sufficient credits were stored to offset a potential violation. The ratio of credits required to offset overuse should be greater than 1:1, and could vary depending on whether storage was in the area where the groundwater was withdrawn, or whether credits were stored in an area that met other management objectives. Credits stored through this program would be extinguished if the credits weren't used within a specific time frame. Specific criteria would have to be applied to ensure that entities were not simply "buying their way into compliance" by storing renewable supplies with no attention to efficiency. A primary concern is avoiding use of this program to build long-term water using features that cannot be sustained once excess CAP water is no longer available. Entities that are not currently designated have to offset all of their current groundwater pumpage with recharge before they can earn long-term credits. This issue will need to be addressed within this proposal in order to ensure that private water companies (who are a key target of this proposed incentive program) can qualify to participate.

OBSERVATIONS

This proposal is essentially an insurance policy; the incentive to participate is to avoid conservation compliance problems for those regulated under the GPCD program. It could be used to provide a safety margin for problems meeting the GPCD target that might arise from hot, dry weather or changing water use trends within a service area. It should probably not be viewed as a permanent way to offset the water use of a new non-residential use such as a golf course or industry.

Current legislation allows conservation overages through 2000 to be offset with long-term storage credits. Extension of this program on a 1:1 basis may provide incentives to use renewable supplies, but possibly not provide incentives to conserve water.

It is currently possible to stipulate with ADWR that non-recoverable water will be stored. However, there is no current incentive to do this. It is used only in the context of a compliance action. Private water companies probably need a specific proactive program that they can sign up for in advance to convince the ACC of the value of the program to their customers.