



## **Water Commission white paper on groundwater trading considers ways to protect vulnerable users and potential next steps for state agencies**

As part of the California Water Commission's assessment of how to shape well-managed groundwater trading programs with appropriate safeguards for vulnerable water users, Commission staff will present a final draft of its [white paper](#) containing its findings and the potential next steps for State engagement at the May 18, 2022, [meeting](#). The Commission will be asked to approve the paper. If the paper is approved, it will be shared with the Secretaries for Natural Resources, Environmental Protection, and Food and Agriculture, who requested the Commission's engagement on this topic.

In support of [Water Resilience Portfolio Action 3.6](#), the Commission used its public forum to frame considerations around how Groundwater Sustainability Agencies (GSAs) that choose to advance groundwater trading programs may do so while ensuring protections for natural resources, small- and medium-size farms, and water supply and quality for disadvantaged communities. The Commission also explored how the State can help support well-managed, locally designed, and locally led trading programs that protect water users who might be impacted by groundwater trading. The [white paper](#) will guide the continued work on Action 3.6 by the California Department of Water Resources, the State Water Resources Control Board, the California Department of Fish and Wildlife, and the California Department of Food and Agriculture.

The white paper contains a set of findings that were distilled from conversations with experts, stakeholders, and the public. It summarizes the extent of groundwater trading underway now in California and gleans lessons from Australia, Nebraska, and other places where groundwater is traded. The Commission's findings assert the need to safeguard vulnerable users and provide information about possible mechanisms for doing so; they stress the importance of engaging stakeholders, including those that may need additional accommodations. These findings lay out the characteristics of well-managed groundwater trading programs, describing in additional detail the importance of accurate, reliable data, consistent oversight and enforcement, proactive planning and management, and the benefits of starting small. The paper also includes a cautionary finding on the potential impacts of market power.

The Commission's white paper proposes that the State take an iterative, multi-pronged approach to enabling and incentivizing well-managed groundwater trading where local entities and users decide to adopt it. Suggested next steps for State engagement start with the development of a workplan for implementation of Action 3.6, followed by convening stakeholders to share information and to support vulnerable users and GSAs. Other near-term

proposed next steps include creating digital resources and cataloging available trading information, developing best management practices, and incentivizing well-managed groundwater trading.

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The nine-member California Water Commission uses its public forum to explore water management issues from multiple perspectives and to formulate recommendations to advise the director of the California Department of Water Resources, and as appropriate, the California Natural Resources Agency, the Governor and Legislature on ways to improve water planning and management in response to California's changing hydrology. For more information regarding the California Water Commission visit [cwc.ca.gov](http://cwc.ca.gov).