



**Colorado River Basin States Representatives of
Arizona, California, and Nevada**

April 6, 2023

Jacklynn L. Gould
Regional Director
Lower Colorado River Basin Region
P.O. Box 61470
Boulder City, NV 89006-1470

LCB-4000

2.2.4.23

Sent via email to LCBEfficiency@usbr.gov

Re: Input on the next phase of Inflation Reduction Act funding in the Lower Colorado River Basin System Conservation and Efficiency Program

Dear Ms. Gould:

Thank you for the opportunity to provide input on the next phase of the Inflation Reduction Act Program in the Lower Colorado River Basin. The presolicitation letter noted that Reclamation is requesting input on the types and nature of projects that should be eligible and evaluation criteria for suggested projects. This letter addresses the conditions on funded projects, the types and nature of projects, and evaluation criteria.

Sec. 50233 of the Inflation Reduction Act of 2022 (IRA) made \$4,000,000,000 to remain available through September 30, 2026, for grants, contracts, or financial assistance agreements for:

- (1) Compensation for a temporary or multiyear voluntary reduction in diversion of water or consumptive water use.
- (2) Voluntary system conservation projects that achieve verifiable reductions in use of or demand for water supplies or provide environmental benefits in the Lower Basin or Upper Basin of the Colorado River.
- (3) Ecosystem and habitat restoration projects to address issues directly caused by drought in a river basin or inland water body.

Consistent with the guidance provided within the IRA, we offer the following input:

Conditions on Funded Projects

In order to encourage participation in longer term and more durable conservation projects, and therefore achieve greater System benefits, agreements for participation in this phase of the

Lower Colorado River Basin System Conservation and Efficiency Program (Program) should provide sufficient flexibility for the contractors to manage their water supplies in wet and dry years and meet new Shortage obligations, while reducing overall demands on the System. More specifically, water conserved in funded projects should be applied to meet any new or increased reductions that are required through the Supplemental Environmental Impact Statement and that application should be considered as part of discussions for Post-2026. Any water savings above and beyond those volumes should then benefit the System for a defined period of time. After that defined period of time, the conservation benefits of the funded projects should revert back to the contractor or entitlement holder. In other words, contractors or entitlement holders should not be asked to permanently assign away Colorado river water in return for this funding. The duration of the System benefits should be included in the evaluation criteria as described below.

Types and Nature of Projects

The program should encourage conservation projects and/or programs that can be developed in both the agricultural and urban sectors. While not an exhaustive list, the following list provides examples of the type and nature of projects that should be eligible:

- Municipal conservation projects including turf removal or replacement (with an emphasis on non-functional turf)
- Development of local supplies or other augmentation projects that reduce reliance on Colorado River supplies
- Agricultural efficiency improvements and related infrastructure
- Conveyance system improvements including modernization and automation of these systems
- Storage projects
- Activities that expand and advance habitat restoration under the Lower Colorado River Multi-Species Conservation Program

Evaluation Criteria

While cost effectiveness (\$/AF of conservation) is an obvious factor in considering which projects to fund, other criteria should factor into the decision-making such as geographic diversity, duration of the System benefits, implementation timeliness (project schedule), and multi-benefit opportunities and the ability to verify project implementation. Projects (excepting those related to the LCR MSCP) should include appropriate verification of reductions in use, including an evaluation of baseline conditions to ensure that the project results in true conservation and annual verification or confirmation of implementation, as appropriate to the type of project. Similarly, proposals should be structured to show how a project conserves water and leads to a reduction in Colorado river diversion and use on the part of the contractor submitting the proposal. Any project funding award must receive intrastate forbearance from the appropriate parties before it is finalized. All proposals should include information sufficient to show how a given project will conserve water without affecting the rights or access to Colorado River supplies of other contractors. Projects should also be prioritized if they are shovel-ready and have the ability to be implemented within the period of time that IRA funding is available.

Thank you for the opportunity to provide input. We also encourage Reclamation to expedite access to the first phase of IRA funding that is focused on near-term conservation opportunities. These proposals were submitted last fall and conservation opportunities are diminished every day that funding opportunities are delayed. We request that Reclamation expeditiously finalize the agreements for proposals already submitted under the first phase of IRA funding solicitations. The Lower Basin States and contractors look forward to working with you to achieve those goals through effective implementation of this Program.

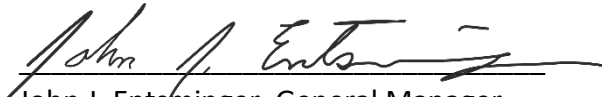
Sincerely,



Thomas Buschatzke, Director
Arizona Department of Water Resources



J. B. Hamby, Chairman
Colorado River Board of California



John J. Entsminger, General Manager
Southern Nevada Water Authority