

Options For Incentivized Demand Management

- **Fallowing:** Reduction in total irrigated production acreage. Conversion to non-irrigated use such as grazing, dry crops, or recharge basin. Or land simply left undeveloped.
- **Replant Extension:** This is the temporary equivalent of fallowing. Extends the time between removal of old crop and planting of new, creating a period when irrigation is not required.
- **Crop Diversification:** Changing all or some irrigated land to crops that require less water. Almonds to olives may save 1 ac/ft per acre. Walnuts to olives may save 0.5 ac/ft per acre. Almonds to melons/squash may save 1.9 ac/ft per acre.
- **Irrigation Efficiency:** Reduces demand by lowering the water required to produce a crop. Includes irrigation type, coverage patterns, soil moisture probes, scheduling, ET monitoring and others.
- **Use of Surface Water VS Groundwater:** Promotes the use of all available surface supplies prior to the use of groundwater.
- **Soil Improvement:** Addition of various chemical, organic and inorganic amendments that reduce the amount of water required to produce a crop.

There are two ways to offer incentives for the above activities:

- 1) Fees for programs and incentives. The District could charge a fee to all users (could be on a countywide, basin wide or areawide basis) and use those funds to offer programs and incentives, or
- 2) Fee avoidance. the incentive to do these activities could be fee avoidance.

Fees for programs and incentives. If the District charges a fee and runs the programs and incentives, then a set amount would be added to the base GSA fee. The Board of Directors would approve program budgets and set conditions for acceptance into the program. District Staff or contractors would oversee the outcomes in the field and the District would have parameters to measure reduction.

Fee avoidance. In the fee avoidance scenario, the user would get a break on their fees for doing one of the above activities. Certain programs would require less funding if there is less risk of overdraft and less fees would be required for projects to offset overdraft. The fee avoidance method fits well with the point of demand management, those who choose to do a reduction activity naturally lower their per acre foot cost associated with SGMA compliance and also benefit from lower programmatic fees while having the freedom to choose the activity that works best for them.

Assumptive v. direct measurement tradeoff. Because the District will likely be using assumptive-use fees (no metering required but would be optional), things like Fallowing, Crop Diversification and Replant Extension would be straightforward math to determine the reduction. The others would require either a meter to prove use below assumptive groundwater volume or metering of surface water in order to subtract from assumptive volume.