



UPPER COLORADO RIVER COMMISSION

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2023 System Conservation Pilot Program (SCPP) Lessons Learned Summary

Introduction

At the 303rd Meeting of the Upper Colorado River Commission (UCRC) on June 16, 2023, the Commissioners requested that UCRC staff evaluate and compile “Lessons Learned” from the 2023 SCPP experience to inform potential consideration of future SCPP programs. The Commissioners also directed UCRC staff to identify opportunities to consider Demand Management Program (DM Program) demonstration projects or studies to inform potential future consideration of Demand Management feasibility by the Commission. UCRC staff have compiled lessons learned from the 2023 SCPP effort and outlined five broad themes for improvements with more than 20 specific recommendations for consideration in potential future programs. The recommendations are based on interviews with about 30% of the SCPP participants, Reclamation, NGOs, external commenters, and others. Further, UCRC staff have compiled four main messages conveyed by the SCPP participants for the Commissioners’ consideration. Finally, UCRC staff are providing three options for consideration regarding a potential SCPP effort in 2024.

Five themes to improve future SCPP:

1. **Timing:** All participants and interviewees indicated initiating the SCPP process including a request for proposals (RFP) for a program in early fall. An October 1 target for initiating is preferable.
2. **Pricing:** All participants and interviewees indicated a preference for firm fixed pricing (aka “take it or leave it” pricing) is preferable to the 2023 process which included a minimum acceptable price and individual negotiations for higher compensation on a case-by-case basis.
3. **Clarity on Conserved Consumptive Use (CCU) Calculations:** Many participants and interviewees outlined the need for greater clarity and certainty on the calculation of CCU, since is the basis for payment. They indicated that a process that begins in October would allow the participants time to consult with Upper Division States (UDS)/UCRC/UCRC consultants to provide certainty on the CCU calculations and basis of the proposed payment.
4. **Consistent and clear messaging:** All participants and most interviewees indicated that, due to the compressed timeframe, there were mixed messages, largely from parties outside of the SCPP, and some lack of consistency in describing key elements of the program. In addition, in one region, there were mischaracterizations that served to undermine confidence in the effort. Due to the UDS/UCRC/UCRC consultant focus on establishing the program in a very short timeframe, the mischaracterizations went largely unchallenged. Consistent and persistent messaging over a longer time frame can help address misunderstandings and refute mischaracterizations.

5. **Greater transparency and clarity regarding approach, purpose, and review processes.** Several participants and interviewees noted the need for more clarity on the purpose and intent of the program. Several commenters requested greater transparency in understanding the review process. They suggested providing an outline and review flow chart for the process, so the public knew how to get more information.

Four messages conveyed by SCPP participants (e.g., farmers, ranchers, producers):

1. **SCPP provides a way to reduce risks to test new, innovative water management strategies to adapt their production to a drier future.** The SCPP provided a financial buffer which supported testing new tools.
2. **Participants would like to see the development of longer-term programs that support innovation, water efficiency investments, and new tools to build resiliency for their future.** Most participants are 4th or 5th-generation producers. They want longer-term tools and choices to build resiliency for their future.
3. **The participants want to protect vibrant, but fragile, local economies and therefore prefer production with lower water use to large-scale fallowing.** Interviewed participants support fallowing to transition to more water-efficient practices and to invest their system improvements but oppose large-scale rotational fallowing programs as a long-term tool.
4. **The participants forcefully expressed that their water and production are equally valuable. They do not consider any of their lands or production “marginal” or “less than” anyone else, locally or across the Basin.** They want and intend to participate in programs that bring new tools to support their future through local sustainability and resiliency.

Options for consideration of a potential SCPP in 2024:

1. No 2024 Program

- a. Pros:
 - i. Allows for full focus on the post-2026 process
 - ii. Asserts that Upper Basin tools are narrow and limited
- b. Cons:
 - i. Does not support innovation and development of new tools for Upper Basin water users
 - ii. Could invite unilateral actions from the Bureau of Reclamation (Reclamation)
 - iii. Optics of no Upper Basin “skin” to address Colorado River System risks
 - iv. Forgoing federal funding available to address Upper Basin interests
 - v. Contradicts what the Upper Basin stated it would do in its 5-Point Plan

2. Revised 2024 SCPP Program (implement the recommended process improvements)

- a. Pros:
 - i. Tests revised approach to determining the potential scale of voluntary, temporary, and compensated conservation programs in the Upper Basin (i.e., in an optimal program, how big could we get?)
 - ii. Fully uses the SCPP tool using available federal funding
 - iii. Broadens tools for consideration of a DM Program in the future
- b. Cons:

- i. Both the UCRC and the States are likely to have bandwidth constraints with a larger program
 - ii. Implementing such a program may take staff time away from more important work (Post-2026 operations work)
 - iii. There is some risk that system water conserved through SCPP may be released from Lake Powell downstream in Water Year 2025, depending on 2025 operational determinations
 - iv. Doesn't explicitly assist with the development of longer-term tools/solution
- 3. Narrowly Purpose 2024 SCPP (implement improvement recommendations and provide project criteria that to inform DM Program demonstration projects and support local innovation and build drought resiliency)**
 - a. Pros:
 - i. Test a revised approach to assess process improvements
 - ii. Supports innovation and development of longer-term tools/solutions in the Upper Basin
 - iii. Informs future consideration of a DM Program through demonstration projects and exploration of provisional accounting
 - iv. May reduce risk to Upper Basin system conservation while attempting to protect/preserve conserved water
 - v. Promotes cooperation with the Bureau of Reclamation to figure out how to potentially manage a DM Program
 - b. Cons:
 - i. Bandwidth considerations
 - ii. Will require clear and consistent messaging on purpose and intent to avoid a perception of discrimination
 - c. Examples of DM Program Studies and Projects
 - i. Mainstem and proximal tributaries conservation and accounting that may avoid shepherding and facilitate exploration of accounting (i.e. areas or reaches that have limited to no history of calls or broad participation on a reach)
 - ii. Fallowing resulting in reservoir storage and exploration of accounting with potential winter release studies (e.g., Navajo Indian Irrigation Project/Navajo Agriculture Products Industries)
 - d. Examples of Local Innovation and Drought Resiliency Projects
 - i. Crop-switching conservation and exploration of accounting and quantification
 - ii. Alternative irrigation strategies resulting conservation with exploration of quantification and accounting
 - iii. Fallowing projects that support on-farm improvements or transition to lower water use crops along with exploration of accounting and quantification