

## Tri-Basin NRD

### Water Conservation Incentive Program

**Introduction:** Tri-Basin NRD launched the Water Conservation Incentive Program (WCIP) in March 2019. WCIP is intended to address two natural resources management issues: ensuring sustainability of groundwater supplies and protecting streamflows from diminishment due to groundwater pumping. When participating in the WCIP groundwater option, irrigators agree to accept an allocation on their certified irrigated acres in exchange for the NRD offering them flexibility on which acres they can irrigate. Financial incentives for water conservation are also available to participants.

The program was initially aimed at groundwater irrigators. One of the main benefits that is anticipated is that it will encourage participants to be more efficient irrigators and help sustain groundwater supplies. We initially excluded Central Nebraska Public Power and Irrigation District (CNPPID) customers from the WCIP because the incentives set up for groundwater irrigators don't encourage conservation on commingled fields.

Tri-Basin wants to encourage irrigators who have parcels that have both surface water turnouts and groundwater wells (commingled parcels) to use canal water rather than groundwater on those fields to the greatest extent possible. This has the dual benefit of reducing groundwater pumping and increasing groundwater recharge. For this reason, we developed a "commingled" option for CNPPID customers. The Nebraska Department of Natural Resources pays 60% of the cost of landowner payments through the Water Resources Cash Fund, because they recognize the benefits of incentivizing irrigators to become more efficient and of utilizing surface water, when available, to reduce groundwater withdrawals and increase groundwater recharge.

**The Program:** Tri-Basin will allow landowners to enroll up to 8000 NRD-certified irrigated acres in the program. The enrollment period will be open until the program acre enrollment limit is reached. Once the enrollment limit is reached, water savings to the district could reach 650 acre-feet per year. Incentives in this program will likely be most attractive to landowners in phase two and phase three groundwater quantity management areas, so the water-use reductions should be greatest where the need is greatest (there are approximately 30,000 certified irrigated acres in Tri-Basin's phase two and phase three townships).

In exchange for their participation, landowners will be paid for the equivalent of one acre-inch of water credit per acre per year, with the opportunity to sell additional credits to the NRD at a set price. In addition to NRD purchases, landowners will have the opportunity to sell water credits on the open market at any agreed-upon price

(private transactions require NRD board approval). Landowners will also be granted flexibility to irrigate any acres within enrolled parcels and to share (pool) allocations between parcels. Pooling agreements will be required to enable sharing allocations between parcels under different ownership.

**The Contract:** The NRD and the landowner will sign a five-year agreement. The groundwater option agreement commits the landowner to limiting water use (allocation) on parcels that they select. The allocation will be equal to the UNL average corn crop consumptive irrigation requirement, which is nine inches per acre per year in Kearney County, ten inches per acre per year in Phelps County and eleven inches per acre per year in Gosper County (allocation will be limited to current allocation of nine inches per acre per year in Union Township in Gosper County). Landowners are required to have flowmeters installed on all wells serving participating parcels and to report water use annually to the NRD. Tri-Basin NRD offers cost share on flowmeters for participants. Tri-Basin NRD spot checks flowmeter readings on 20% of participating parcels annually. As a condition of their participation, landowners agree to subject enrolled parcels to (most of) the same rules that apply to all landowners in Phase three groundwater quantity management areas.

In exchange for their participation, the NRD agrees to buy one acre-inch per acre per year from every acre enrolled in the contract. Landowners have two payment options: an annual payment of \$5 per acre-inch credit for one acre-inch per year, or payment at the end of the contract period for up to five acre-inches of credits per acre (assuming the landowner has that much unused allocation) at a rate of \$4 per acre-inch. The NRD may also choose to purchase additional credits from participants. NRD purchases of additional acre-inches will be prioritized in Groundwater Quantity Management Phase 2 and Phase 3 areas and 50%+ stream depletion zones. The NRD will have the right of first refusal to purchase unused allocations from landowners, so landowners would need NRD board approval before they make private sales.

Landowners will also have the option to irrigate any and all acres within participating parcels. They can also pool allocations between parcels under the same ownership (pooling water credits associated with parcels under different ownership, but the same management will require a separate NRD-approved pooling agreement). Pools are only allowed for multiple parcels in the same basin and with the same groundwater quantity management phase status. Water use will be deducted from landowner water credit "accounts."

If a producer overuses their allocation, they need to purchase credits from other landowners to eliminate their deficit. Otherwise, they will be prohibited from irrigating enrolled parcels until the deficit is eliminated. The only way a landowner can cancel a contract would be to pay the NRD for the full contracted amount (refund any payments

that the NRD has already made and pay the NRD the amount we would have paid them at the end of the contract period).

**Commingled Option:** A different approach is needed to incentivize surface water use. We need to incentivize commingled water users to use canal water rather than groundwater. CNPPID customers and landowners with individual surface water rights are eligible to enroll commingled parcels in five year contracts. Participants will be reimbursed by Tri-Basin NRD for the equivalent of the cost per acre of CNPPID water delivery, with the understanding that payments will be reduced by \$6 per acre inch of groundwater used in excess of one inch per acre during the contract period. If, however, CNPPID is unable to deliver the full amount of contracted water to a parcel for any reason, a landowner will be allowed to pump groundwater without penalty to make up the difference between what CNPPID is able to deliver and the full contract amount.

CNPPID charges \$42.00 to deliver nine inches of water to their irrigation customers (2024). Their prices are subject to annual increases. Tri-Basin will pay incentives to landowners based on the current delivery rate at the time of enrollment in WCIP, but payment rates won't be increased during the contract period if CNPPID raises rates.

WCIP incentives will be paid on CNPPID contracted acres. Because NRD funds are limited, we will initially approve contracts for 8000 acres. Because applications exceed the number of acres allowed for enrollment, applications are selected for approval using a ranking system.

The WCIP commingled option requires annual reporting of groundwater use. As of 2018, only 15,597 commingled acres (TBNRD definition) have flowmeters in place and are reporting water use to Tri-Basin NRD. Applications from landowners with flowmeters currently in place are favored in the ranking system.

Parcels in which CNPPID water service contracts are in the process of cancellation are not eligible for enrollment. Landowners are allowed to enroll additional acres on existing CNPPID water service contracts. Individual landowners are limited to enrolling a total of no more than 320 acres in the WCIP. In the case of fields with fewer CNPPID contract acres than NRD-certified irrigated acres, landowners need to agree to have seals installed on valves or risers that would enable use of groundwater on CNPPID contract acres. If the seals are broken, recorded groundwater use will be divided among all NRD-certified irrigated acres.

If you are interested in enrolling in WCIP, please call the Tri-Basin NRD office at (308) 995-6688, or email us at [jthorburn@tribasinprd.org](mailto:jthorburn@tribasinprd.org).