



## COLORADO

### Colorado Water Conservation Board

Department of Natural Resources

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**TO:** Colorado Water Conservation Board Members

**FROM:** Amy Ostdiek

**DATE:** September 20, 2023

**SUBJECT:** Agenda Item 15: Colorado River System Conservation Pilot Program

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**This is an informational item with no board action requested.**

### 1. Background

In June 2022, the Commissioner of the Bureau of Reclamation called on the Colorado River Basin States to create a plan to conserve an additional 2-4 million acre-feet of water above activities already underway, in an effort to protect critical infrastructure at Lake Powell and Lake Mead. In July 2022, the Upper Division States responded with a Five-Point Plan, with recognition that the Upper Division States did not cause the crisis and had limited options to respond due to ongoing and deep hydrologic and legal water shortages, coupled with depleted storage.

One component of this plan is reauthorization of the System Conservation Pilot Program (SCPP). This program entails temporary, voluntary, and compensated reductions in consumptive use across the Upper Basin for the purpose of mitigating the impacts of drought in the Upper Colorado River Basin. In December 2022, the SCPP was reauthorized by Congress, and a Request for Proposals was released. Applications were accepted through March 1, 2023.

The SCPP is administered by the Upper Colorado River Commission (UCRC) pursuant to a funding agreement executed on January 6, 2023, between the UCRC and the Department of the Interior through the Bureau of Reclamation. Pursuant to these agreements, the UCRC held a special meeting on April 17, 2023, and voted to authorize the UCRC to develop and enter into contracts with 74 project proponents across the Upper Basin.

### 2. Program Implementation

Ultimately, 64 of these projects moved forward through contracting. Across the Upper Basin, these projects are estimated to conserve 37,810 acre-feet of water. Of these, 22 projects are in Colorado, totaling roughly 2,500 acre-feet of estimated conserved consumptive use. Projects are now being implemented at an average cost of \$422 per acre-foot of water conserved.



### 3. 2023 Lessons Learned

In reviewing the 2023 implementation of SCPP, UCRC staff committed to compiling “lessons learned” through implementation. As part of this effort, UCRC staff conducted in-person interviews with project participants, Bureau of Reclamation staff, state staff, Tribal representatives, NGO representatives, and others. Information gathered as part of this process will help inform the UCRC’s decision whether to implement SCPP in 2023-2024. Currently, the federal authorization for SCPP extends to Fall 2024.

Five key themes emerged from this “lessons learned” effort, detailed below:

- Timing: There was general agreement from those interviewed that the process should start earlier, potentially in early October.
- Pricing: There was confusion and frustration regarding pricing mechanisms and negotiations. To resolve this, it would be helpful to have a firm, fixed price at the outset. This will require close coordination with the Bureau of Reclamation.
- Conserved Consumptive Use (CCU) estimates: There was confusion about the mechanism for CCU calculation. Additional clarity about the UCRC consultant’s role in making this determination and earlier communication about this process would help project proponents save money and put forward more consistent and complete proposals.
- Consistent and clear messaging: Clearer and additional messaging would help address confusion and mischaracterizations about the program.
- Greater transparency on approach, purpose, and review: Making more information publicly available regarding approach, purpose, and review will also help address confusion and mischaracterizations about the program.

UCRC staff heard from many project proponents that SCPP provided an opportunity to lower risks to try new, innovative strategies and approaches to adapt their operations to a drier and less certain future. Some also used the opportunity to improve resiliency through infrastructure improvements, innovative farming approaches, and development of new water management tools. Many also expressed a preference for continued production with lower water use over large-scale fallowing.

Some Upper Division State staff and others also indicated that if SCPP were to continue for another year, it may present opportunities for studies and projects that may help inform remaining questions in the Demand Management feasibility investigation and could also support local resiliency and innovation efforts in water conservation.

### 4. Next Steps

#### UCRC Consideration of a 2023-2024 Program

At an upcoming meeting in September, the UCRC will consider whether to implement SCPP in 2023-2024. Based on information compiled through the “lessons learned” effort and input received from the Commissioners, UCRC staff identified three potential options for SCPP implementation in 2023-2024, including:

- No 2023-2024 SCPP program.



- Implementation of a 2023-2024 SCPP program, incorporating process improvements consistent with the key themes identified above.
- Narrow 2023-2024 SCPP implementation, incorporating improvements consistent with the key themes identified above and incorporating narrow criteria for participation, which could include:
  - Availability of opportunities to gather information about issues and questions relating to the Demand Management feasibility investigation.
  - Prioritization of projects that support innovation and local resiliency and development of tools to help adapt to long-term drought and climate change.

### CWCB's Role

As part of SCPP implementation in 2023, at its March 2023 meeting, the CWCB approved the SCPP as a state-approved conservation program pursuant to C.R.S. §§ 37-92-103(2) and 37-92-305(3)(c). The CWCB did not review and approve individual projects, but rather approved the program as a state-approved conservation program so that participants received protection from abandonment of their water rights or reduction in historical consumptive use in future change cases due to participation in SCPP. If the UCRC determines to move forward with SCPP in 2023-2024, the CWCB Board will be provided with the same opportunity to approve the SCPP as a state-approved conservation program to provide water right protection to Colorado participants under C.R.S. §§ 37-92-103(2) and 37-92-305(3)(c).

