



Columbia Basin Water Transactions Program

In the arid western United States, fights over water have been common for well over a century. Despite the existence of strong water rights throughout the West, these rights are only to “use” water. And just what constitutes an acceptable “use” is subject to state law. Conservation rarely counts, so there is little incentive to reduce water consumption. For example, under this scenario the only benefit to a farmer who invests in drip irrigation, is a slightly lower water bill. There is no compensation for the water itself, which simply passes on to the next person in line.



As demands for water to be put to environmental purposes such as maintaining wetland habitat or stream flows for fish like salmon have grown, so has the frustration grown between many farmers and ranchers and environmentalists, whose only choice to get water for wildlife is often expropriation. A number of states, however, have expanded the definition of “use” to include environmental purposes, which has allowed groups like the Oregon Water Trust to lease and buy water from farmers and ranchers to keep water instream for salmon. Until that change in the law, farmers and environmentalists fought like cats and dogs; now they are making deals.

Contracting for water has not only created a number of private conservation groups like the Oregon Water Trust, it has also created an opportunity to use water markets to mitigate for habitat loss. When the National Marine Fisheries Service issued a biological opinion in 2000 that forced the Bonneville Power Authority (BPA) to mitigate the effects of its hydroelectric power generation on species listed under the federal Endangered Species Act (ESA), the BPA came up with a novel and effective way of meeting its obligations—it outsourced improvements in stream flows to a number of groups who use markets to supply water. Outsourcing allowed BPA to use a market process to come up with the water it was forced to provide by court order at the least cost and disruption.

By 2002, BPA had provided the majority of funds to create the Columbia Basin Water Transactions Program through the National Fish and Wildlife Foundation, a federal organization that applies both federal and private grant monies to environmental projects. The hallmarks of the program, which are especially unusual for an ESA enforcement measure, are to improve fish and wildlife habitat while respecting private property rights and irrigated agriculture through market-based approaches.

In the Basin states of Idaho, Montana, Oregon and Washington, ten organizations receive funds from the Program, including the Bonneville Environmental Foundation, the Deschutes Resources Conservancy (OR), the Idaho Department of Water Resources, the Montana Water Trust, the Oregon Water Resources Department, the Oregon Water Trust, Trout Unlimited, the Washington Department of Ecology, the Washington Water Trust, and the Walla Walla Watershed Alliance (WA).



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These organizations use the funds provided to contract with local irrigation districts and landowners—the water rights owners—to put water that otherwise would have been diverted back instream. Purchases have taken the form of short or long-term leases, outright purchases, partial leases that only affect the driest months of the year, and options to lease water rights during especially dry years. Some money has also been spent on improving irrigation efficiency, for example by switching from flood irrigation to sprinkler or drip irrigation, with the savings put back instream. In fiscal year 2004, the Columbia Basin Transaction Program made 25 transactions at a cost of \$1,655,907 of which BPA paid \$780,654. For that they purchased 1,142,561 acre feet of water to be left instream.

At the opposite end of the spectrum is the Imperial Valley of California, which is a water rich area that took over five years to reach an agreement to transfer water to San Diego (and still faces numerous lawsuits from both the agricultural and environmental communities). This was despite pressure from both the state and the federal government because the transfer was an explicit part of California's obligation to cut back its use of Colorado River water. Imperial's water rights are held in trust for the farmers by the Imperial Irrigation District, which is elected at large, so that its primary motivation is to redistribute Imperial's water wealth, rather than to maximize it. Another problem was that the transfer would affect the Salton Sea, a hyper-saline body of water that is home to a number of threatened and endangered species. Under law, however, it was illegal to put fresh water directly into the Salton Sea. Instead its flows could only come from irrigation runoff. With stronger water rights, both to the water itself and the uses that water is put to, the Imperial imbroglio could surely have been solved peaceably, both through private conservation and outsourced environmental mitigation.

For more information on the Columbia Basin Water Transactions Program, see <http://www.cbwtp.org/>