Apportionment acceptance and payment on take-or-pay basis

Prior to the start of 2014, apportionment volumes were offered for all eligible fields pursuant to the Equitable Distribution Plan. Under the EDP, payment for the apportionment that was accepted was on a take-or-pay basis, which was provided for in the EDP to incentivize water users to either accept only the amount of water known to be needed throughout the year or monitor their water use throughout the year and to transfer any accepted apportionment that is not needed to fields that need more water.

Agricultural water users will be responsible for payment of any apportionment that was accepted, but remains unused in the account for that field, as of Dec. 31, 2014. This includes any accepted apportionment that was transferred from another field within the farm unit and is in the account for that field.

Landowners had the option of accepting all, some or none of the 2014 offered apportionment for each field by submitting an IID Apportionment Acceptance Authorization form. If a form was not received, the full amount of the 2014 offered apportionment was accepted with no restrictions on the amount of the apportionment any tenant is allowed to consume or transfer out of the account for that field.

To avoid being responsible for payment for any accepted apportionment that is not used by the end of 2014, agricultural water users are encouraged to offer any excess accepted apportionment for transfer through the Agricultural Water Clearinghouse. Please note: water offered will not be transferred to another water user until payment is made by the receiving water user. Upon receipt of payment, the water user offering the water will be relieved of any payment obligation for the transferred water.

Transferring water

Under the EDP, transfers are permitted between fields in the same farm unit if authorized by the owner of the field from which the water is being taken. The Agricultural Water Clearinghouse is the only mechanism through which water may be transferred into and out of a farm unit. To offer water or request water from the clearinghouse, you must complete a Clearinghouse Notice of Transfer form. (Water transferred through the clearinghouse will not be transferred to the account of the requesting water user until payment is received for the water.)

Requests for water transferred through the clearinghouse are standing requests until filled, unless the request is withdrawn. This can be accomplished by completing the lower portion of the Clearinghouse Notice of Transfer form that was used to request the water. Clearinghouse Notice of Transfer forms are available at IID division offices and at www.iid.com/edpforms.

Consumption reports, including information regarding field accounts, the farm unit and apportionment balances, are provided on IID water statements. Please review your statements carefully. Water users can access their statements and consumption reports through the online web portal at http://mywateraccount.iid.com/.

(continued on reverse)
Apportionment acceptance... (continued)

How to prepare
The best course of action, as exhibited in the past, is to be proactive in monitoring your water use and carefully budget your accepted apportionment to meet farming needs for the balance of 2014. Consider developing a water budget. For help with developing a water budget, contact the local University of California Cooperative Extension office or IID. For more information, visit www.iid.com/edp or contact:

- Dean Currie, key customer coordinator, 1-760-427-6485 or dmcurrie@iid.com
- Ben Brock, assistant engineer, 1-760-339-9740 or bwbrock@iid.com

On-farm efficiency no longer pilot but standing program
In July, the IID Board of Directors approved converting the On-Farm Efficiency Conservation Program from a short-term pilot program to a standing program. This will provide more flexibility and help the district meet annual conservation targets by offering both seasonal and multi-year agreements better suited to certain crops and conservation measures. IID is working to revise and streamline the program description and agreement.

The 2014 objective for the On-Farm Efficiency Conservation Program is to incentivize water customers to conserve 40,000 acre-feet by implementing water use efficiency improvement projects on farms. The program retains all elements of the pilot program, including conservation baselines calculated from crop and field-specific historical water delivery records, as well as a payment rate of $285 per acre-foot conserved and annual payments limited to four acre-feet per acre.

IID will continue accepting proposals from water customers interested in participating. For further information, visit www.iid.com/onfarmconservation or contact the on-farm conservation team at 1-760-339-9777 or onfarm@iid.com.

Farm-Unit Fallowing Program update
IID has begun the 2014-2015 Pilot Farm Unit Fallowing Program. This program replaces the previous fallowing programs and aligns better with the farm unit approach in the Equitable Distribution Plan.

Conserved water from the Farm Unit Fallowing Program will be used to meet transfer and Salton Sea mitigation requirements, and may also be used to meet payback obligations and create water for IID storage purposes.

As of late July, IID had contracted approximately 172,000 acre-feet of conserved water.

Because this program is farm-unit based, payments will be made to farm unit managers as well as landowners of all participating fields within the farm unit. Program participants will be paid $175 per acre-foot, with 80 percent of the falling payment going to the landowners that are participating within the farm unit and 20 percent to the farm unit manager.

Letters will go out in the next few weeks to participants asking for taxpayer information and mitigation compliance. Subject to compliance with program and contract requirements, the first payment will be made by Oct. 1.

For more information, visit www.iid.com/farmunitfallowing or contact the falling program team by email at fallowingprogram@iid.com.