

Tri-Basin NRD Water Conservation Incentive Program

Groundwater Option

3/12/19 Revised 9/30/2021

Introduction: The Tri-Basin NRD Water Conservation Incentive Program (WCIP) is intended to address two natural resources management issues: ensuring sustainability of groundwater supplies and protecting streamflows from diminishment due to groundwater pumping. The goal of this voluntary program is to reduce groundwater pumping and increase irrigation water use efficiency in Tri-Basin NRD.

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). Tri-Basin will maintain an "electronic bulletin board" to facilitate connections between buyers and sellers. 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 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 will be required to have flowmeters installed on all wells serving participating parcels and to report water use annually to the NRD. Tri-Basin NRD will offer cost share on flowmeters for participants. Tri-Basin NRD will spot check flowmeter readings on 20% of participating parcels annually. As a condition of their participation, landowners will agree to subject enrolled parcels to (most of) the same rules that apply to all landowners in Phase three groundwater quantity management areas. An instrument will be filed with the county clerk recording

these contracts, to provide notice to potential buyers of water use limitations associated with program participation.

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 will 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 acre-inches 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 will 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).