



Water Markets:

The Basics and Why you Care

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Forms of Water Markets

- Government or quasi-government entities
- Private conveyances
- Water banks



Function of Water Markets

- Reallocate water supply based on value
- Create incentive to conserve and invest in water supplies
- Stabilize availability of water for competing demands



Factors Controlling Development of Water Markets

- **Changing Conditions**
 - Urbanization/Environmentalism
- **Supply and Demand**
 - Sellers and Buyers
- **Infrastructure**
 - Storage and Delivery Systems
- **Regulatory Framework**
 - Transferability



Regulatory Barriers

- Anti-trust protection for government monopolies
- Anti-speculation laws
- Geographic limitations based on source
- Requirement to protect existing rights

Changes in Use

- Surface Water RCW 90.03.380
 - May change place and purpose of use or point of withdrawal
 - increase in Annual Consumptive quant.
 - injury or detriment to existing rights
- Ground Water RCW 90.44.100
 - May amend the point of withdrawal and manner or place of use
 - other existing rights shall not be impaired

Private Conveyances

(See Table
at Rear)

Volume and volume-weighted prices for reported water transactions.

State	Volume (thousand acre-feet)				Price (\$/acre-foot, in 2004 dollars)	
	Lease	Sale	Total	Lease/sale ratio	Lease	Sale
AZ	1,371	24	1,395	53	73	894
CA	3,127	227	3,354	14	80	1,207
CO	74	242	316	0.3	22	3,451 ^a
ID	692	1	693	692	10	201
KS	4	0.2	4.2	20	51	—
MT	5	—	5	—	5	—
NM	338	10	348	34	66	1,233
NV	—	49	49	—	—	2,572
OK	10	—	10	—	59	—
OR	532	38	570	14	283	1,045
TX	877	322	1,199	3	81	864
UT	6	3	9	2	6	870
WA	68	13	81	5	53	513
WY	105	—	105	—	40	—
Total	7,211	929	8,140	8	86	1,299

^a CBT sales omitted. If included the average sale price is \$7,801.

Water Banking

- The most common way to create organized water markets
- May include water leased or sold
- 12 western states have active banks
- <http://www.ecy.wa.gov/pubs/0411011.pdf>

Idaho and Oregon

- Upper Valley Storage Pool on the Snake River started in 1932,
- Formal legislation enacted in 1979 (Idaho Code 42-1761 to 1766).
- Oregon has focused on leasing banks to mitigate declining groundwater levels.
- Authorized by Administrative Rule (OAR 690-505)

Washington - Water Resource Management Act, RCW 90.42

- Creates trust water and water banks
- Trust water may be obtained by conservation projects, donation, purchase or lease
- Yakima water bank established to manage trust waters for supply needs subject to express limitations



HB 2860 Columbia River Bill

- **Creates the Columbia River Water Supply Inventory**
- **Creates the Columbia River Basin Water Storage and Supply Account**
- **Requires Specific Allocation of “New” Water**
- **Creates the Columbia Mainstream Water Resources Information System**
- **Creates Authority for Voluntary Regional Agreements**



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