

AMENDMENT NO. 1 TO SYSTEM CONSERVATION IMPLEMENTATION AGREEMENT  
("SCIA") BETWEEN THE UNITED STATES BUREAU OF RECLAMATION AND THE  
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA, TO IMPLEMENT  
THE LOWER COLORADO CONSERVATION AND EFFICIENCY PROGRAM (LC  
CONSERVATION PROGRAM)

1. PREAMBLE SCIA No. 23-XX-30-W0772, dated December 20, 2023 ("SCIA"), to implement the LC Conservation Program is amended by this Amendment No. 1, hereinafter referred to as ("SCIA Amendment No. 1") and entered into this 5<sup>th</sup> day of ~~December~~ 2025, by and between the United States, Department of the Interior, Bureau of Reclamation ("Reclamation"), acting through the Regional Director of the Lower Colorado Basin Region of the Bureau of Reclamation and The Metropolitan Water District of Southern California ("MWD"), hereinafter referred to singularly as "Party" or collectively as "Parties" and pursuant to the Act of Congress approved June 17, 1902 (32 Stat. 388), designated the Reclamation Act, and acts amendatory thereof or supplementary thereto, the Act of December 21, 1928 (45 Stat. 1057), designated the Boulder Canyon Project Act, the Act of September 30, 1968 (82 Stat. 885), designated the Colorado River Basin Project Act, the Colorado River Drought Contingency Plan Authorization Act, Public Law 116-14, dated April 16, 2019, and the Inflation Reduction Act of 2022, Public Law 117-169 dated August 16, 2022;

WITNESSETH THAT:

2. EXPLANATORY RECITALS

2.1 WHEREAS, Reclamation and MWD entered into the SCIA, as concurred to by the Palo Verde Irrigation District ("PVID"), whereby MWD agreed that instead of using the water created under the land following Program Agreement that it has with PVID, which is Exhibit A to the SCIA, for its own use, MWD will create System Conservation Water under the SCIA during a three-year period that began August 1, 2023 and continues through July 31, 2026, unless otherwise determined in accordance with Section 6.4 of the SCIA, thereby allowing such System Conservation Water to remain in Lake Mead in exchange for financial compensation;

2.2 WHEREAS, the process for a Supplemental Environmental Impact Statement to the 2007 Record of Decision was completed and on May 6, 2024, the Secretary of the Interior signed the Record of Decision for the *Supplement to the 2007 Colorado River Interim Guidelines for Lower Basin Shortages and the Coordinated Operations for Lake Powell and Lake Mead*;

2.3 WHEREAS, MWD and PVID notified Reclamation by letter or email dated August 25, 2025, attached hereto as ("Exhibit B-1") that it desires to amend the SCIA to create System Conservation Water in the remaining five months of calendar year 2026 (August 1, 2026 through December 31, 2026) with similar terms and conditions as in the three-year period from August 1, 2023 through July 31, 2026, but on a voluntary basis;

2.4 WHEREAS, Reclamation and MWD desire to amend the SCIA whereby MWD agrees to create System Conservation Water in the remaining five months of calendar year 2026 beginning August 1, 2026 through December 31, 2026, hereinafter referred to as the (“Five-Month Period”), with similar terms and conditions as in the three-year period from August 1, 2023 through July 31, 2026, but on a voluntary basis, and allow such volume to remain in Lake Mead in exchange for financial compensation; and

2.5 WHEREAS, capitalized terms used but not defined in this SCIA Amendment No. 1 have the meanings assigned to such terms in the SCIA;

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, the Parties agree as follows:

3. AMENDMENT TO SCIA

3.1 The SCIA is hereby amended as follows:

3.1.1 Section 3.4 of the SCIA is hereby superseded and replaced with the following:

“3. DEFINITIONS

3.4 Exhibit B and B-1 is a copy of the LC Conservation Program proposal dated November 21, 2022, as modified through negotiation of this SCIA and the letter or email dated August 25, 2025. Exhibit B and B-1 are attached hereto and part of this SCIA.

3.1.2 Section 4 of the SCIA is hereby superseded and replaced with the following:

“4. PURPOSE

4.1 The purpose of this SCIA is for Reclamation to fund land fallowing under the Program Agreement to create System Conservation Water. Instead of using the water created under the Program Agreement for its own use, MWD will create System Conservation Water under this SCIA, unless otherwise determined in accordance with Section 6.4 herein. MWD proposes to create System Conservation Water during a three-year and Five-Month Period that began August 1, 2023 and continues through December 31, 2026, which will be 117,021 acre-feet per year and up to 36,066 acre-feet for five months, as described in Section 6.3 herein, less any Call Back under Section 6.4, thereby allowing such System Conservation Water to remain in Lake Mead as Colorado River System Water. MWD attests that such water was used in previous years and it would have been used in the years and months covered under this SCIA.”

3.1.3 Section 5 of the SCIA is hereby superseded and replaced with the following:

“5. SYSTEM CONSERVATION IMPLEMENTATION

5.1 The term of this SCIA begins upon execution of this SCIA and

continues until the final payment in accordance with Section 9 herein is made by Reclamation to MWD and all terms and conditions herein are satisfied.

5.2 MWD and PVID jointly submitted a LC Conservation Program proposal dated November 21, 2022, and is attached to this SCIA as Exhibit B. The proposed plan to be implemented under this SCIA is to use the Program Agreement capacity to participate in the LC Conservation Program to cover a three-year period that began August 1, 2023 through July 31, 2026. MWD and PVID jointly submitted an amendment to their proposal to add the last five months of calendar year 2026 to create System Conservation Water through December 31, 2026. The Program Agreement has 25,947 acres enrolled that are entitled to receive Priority 1 water pursuant to the California Seven-Party Agreement of 1931. MWD issues fallowing call notices from time-to-time that declare the number of acres to be fallowed for a given year ranging from a minimum of 6,487 fallowed acres, which is 25 percent, to the maximum amount of 25,947 acres, which is 100 percent.

5.3 MWD made or will make a fallowing call notice declaring the maximum amount of up to 25,947 acres allowed in the Program Agreement to be fallowed whereby, beginning August 1, 2023 through July 31, 2026, the Program Agreement will be at maximum fallowing of up to 25,947 acres to create up to 117,021 acre-feet per year as described in Section 6.1 herein of System Conservation Water under this SCIA. MWD will make a fallowing call notice pursuant to the Program Agreement for the period of August 1, 2026 through July 31, 2027 and, in addition, MWD will offer Participating Landowners the opportunity to voluntarily increase their fallowing, up to the maximum amount of 25,947 acres, for the period of August 1, 2026 through December 31, 2026, to create up to 36,066 acre-feet for the Five-Month Period, described in Section 6.1 herein, of System Conservation Water under this SCIA. MWD has executed or will execute agreements with PVID and the Participating Landowners within PVID ensuring that the land fallowing is performed in accordance with the terms and conditions of the Program Agreement and such landowner agreements.”

3.1.4 Section 6 of the SCIA is hereby superseded and replaced with the following:

“6. LAND FALLOWING

6.1 MWD agrees it has caused or will cause the Participating Landowners to fallow up to the maximum fallowing amount of 25,947 acres by making a one hundred percent (100 percent) fallowing call in accordance with the Program Agreement for the following periods that are covered under this SCIA:

6.1.1 First Year from August 1, 2023 through July 31, 2024.

6.1.2 Second Year from August 1, 2024 through July 31, 2025.

6.1.3 Third Year from August 1, 2025 through July 31, 2026.

6.1.4 Five-Month Period from August 1, 2026 through

December 31, 2026; provided that any fallowing above the fallowing call during this period will be voluntary in that rather than cause the fallowing to occur, MWD will request such fallowing but Participating Landowners will not be obligated to participate.

6.2 Consumptive Use: The Parties agree that for each fallowed acre within PVID pursuant to this SCIA, the consumptive use reduction is 4.51 acre-feet per acre for a full year. For the Five-Month Period from August 1, 2026 through December 31, 2026, the consumptive use reduction is 1.39 acre-feet per acre.

6.3 The System Conservation Water created each year will be 117,021 acre-feet (25,947 acres x 4.51 acre-feet per acre) and up to 36,066 acre-feet (25,947 acres x 1.39 acre-feet per acre) for the Five-Month Period, less any Call Back under Section 6.4.

6.4 The Parties agree that MWD has the option to call back and divert water saved in an amount equal to the minimum call for a full year (i.e. 29,255 acre-feet) into the Colorado River Aqueduct for each of the Second Year and Third Year, and an amount equal to the minimum call for a partial year (i.e., 25,947 acres x 0.25 x 1.39 acre-feet per acre, or 9,717 acre-feet) into the Colorado River Aqueduct for the Five-Month Period in 2026, hereinafter referred to as the “Call Back Option”.

6.4.1 MWD shall notify Reclamation in writing of a decision to exercise its Call Back Option for the Second Year and Third Year on or before September 1, and the quantity to be called back and for the Five-Month Period on or before June 15, 2026. If MWD does not timely notify Reclamation that MWD is exercising its Call Back Option, then the Call Back Option will be deemed declined. If MWD exercises its Call Back Option in any year, it shall submit a modification to its water order for that year.

6.4.2 Any determination by MWD to exercise or decline its Call Back Option is considered final and is not subject to revision.

6.5 MWD agrees that Reclamation shall not compensate PVID for water that MWD calls back under the Call Back Option in accordance with this SCIA.

6.6 MWD agrees it shall not seek reimbursement from Reclamation for the water that is called back under the Call Back Option in accordance with this SCIA.

6.7 The Parties agree that implementation of this SCIA including all payments from Reclamation under this SCIA is contingent upon the forbearance of the California Colorado River water contractors for the creation of System Conservation Water under this SCIA.

6.8 The Parties agree that implementation of this SCIA including all payments from Reclamation under this SCIA is contingent upon MWD executing a separate written agreement with PVID regarding implementation of this SCIA. MWD will provide a copy of its agreement with PVID to Reclamation after it is executed.”

3.1.5 Sections 7.1 and 7.4 of the SCIA are hereby superseded and replaced with the following:

“7. MONITORING AND ACCOUNTING

7.1 The Parties agree that Reclamation shall (1) verify and document reductions in consumptive use of Colorado River water under this SCIA and (2) report the verified volume of System Conservation Water created from August 1, 2023 through December 31, 2026, under this SCIA in the annual *Colorado River Accounting and Water Use Report: Arizona, California, and Nevada*. (“Water Accounting Report”).

7.4 For Reclamation approval, MWD will submit to Reclamation and MWD will request PVID submit to Reclamation a revised water order, as needed, for calendar years 2023, 2024, 2025, and 2026 to account for the land fallowing and System Conservation Water created during the period of August 1, 2023 through December 31, 2026.”

3.1.6 Section 9 of the SCIA is hereby superseded and replaced with the following:

“9. PAYMENTS

9.1 Reclamation will pay MWD \$400.00 per acre-foot for water conserved under this SCIA during the three-year period and the Five-Month Period beginning August 1, 2023 through December 31, 2026, estimated to be up to 117,021 acre-feet per year and up to 36,066 acre-feet for the Five-Month Period.

9.1.1 MWD will invoice Reclamation based on the total number of acres fallowed under the Program Agreement, and only for the portion of fallowed acreage that is contributed to the creation of System Conservation Water, within 60 days after MWD makes its payments to the Participating Landowners in September of each year.

9.1.1.1 The Parties agree that for the First Year MWD will invoice Reclamation after MWD has made its second payment to the Participating Landowners for the period beginning August 1, 2023 through July 31, 2024. Reclamation will pay MWD no later than 60 days after the last of the following events occur: (1) execution of this SCIA, (2) receipt of the invoice from MWD for the First Year for a lump sum payment of not to exceed \$46,808,400.00 (\$400.00 per acre-foot multiplied by up to 117,021 acre-feet), and (3) receipt from MWD of the agreement between MWD and PVID that implements this SCIA as provided Section 6.10 herein.

9.1.2 For the Second Year and Third Year respectively, Reclamation will pay MWD no later than 60 days after receiving the annual invoice from MWD a lump sum annual payment of not to exceed \$46,808,400.00 (\$400.00 per acre-foot multiplied by up to 117,021 acre-feet), for a total of not to exceed \$140,425,200.00 over the three-year period.

9.1.3 For the Five-Month Period, notwithstanding the provision in Section 9.1.1 that requires MWD to invoice Reclamation after MWD makes its payments to the Participating Landowners in September of each year, MWD may invoice Reclamation on June 15, 2026, and Reclamation will pay MWD no later than 45 days after receiving the Five-Month Period invoice from MWD a lump sum annual payment of not to exceed \$14,426,400.00 (\$400.00 per acre-foot multiplied by up to 36,066 acre-feet), for a total of not to exceed \$154,851,600.00 over the three-year period and Five-Month Period.

9.2 If Reclamation finds that the System Conservation Water volume in accordance with SCIA was not created or that MWD did not forbear such System Conservation Water in accordance with Section 7.5, the annual payments in Section 9.1.2 and 9.1.3 herein shall be reduced accordingly and MWD will be required to reimburse Reclamation as provided in Section 11 herein.”

4. OTHER PROVISIONS UNAFFECTED

4.1 Except as expressly modified by this SCIA Amendment No. 1, all other provisions of the SCIA remain in full force and effect.

5. COUNTERPARTS

5.1 This SCIA Amendment No. 1 may be executed in counterparts, each of which shall be an original and all of which, together, shall constitute only one SCIA Amendment No. 1.

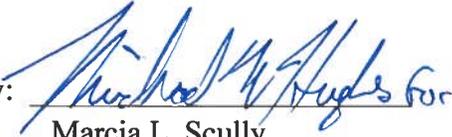
6. EFFECTIVE DATE

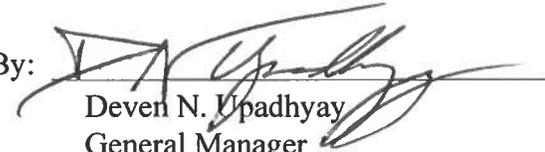
6.1 This SCIA Amendment No. 1 shall become effective upon the date of its execution by both Parties. Once effective, this SCIA Amendment No. 1 will remain in effect until all of the terms and conditions are satisfied.

6.2 The Parties hereto have executed this SCIA Amendment No. 1 on the day and year first written above.

Approved as to form:

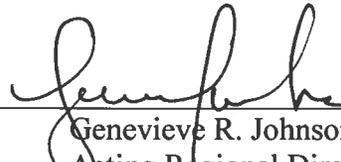
**THE METROPOLITAN WATER  
DISTRICT OF SOUTHERN  
CALIFORNIA**

By:   
Marcia L. Scully  
General Counsel

By:   
Deven N. Upadhyay  
General Manager

*Signatures continued next page.*

**THE UNITED STATES OF AMERICA**

By:   
Genevieve R. Johnson  
Acting Regional Director  
Interior Region 8: Lower Colorado  
Basin  
Bureau of Reclamation

*Signatures continued next page.*

Concur:

Approved as to form:

**PALO VERDE IRRIGATION  
DISTRICT**

By:   
David R. Saunders  
General Counsel

By:   
J.R. Echard  
General Manager

Exhibit B and B-1

1. A copy of the proposal, as modified through negotiation of this SCIA, and a copy of the letter or email dated August 25, 2025, are attached.



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

Office of the General Manager

November 21, 2022

VIA EMAIL AT [DBUNK@USBR.GOV](mailto:DBUNK@USBR.GOV)

Mr. Daniel A. Bunk  
Chief, Boulder Canyon Operations Office  
U.S. Bureau of Reclamation  
Lower Colorado Regional Office  
PO Box 61470  
Boulder City, NV 89006  
[DBunk@usbr.gov](mailto:DBunk@usbr.gov)

Dear Mr. Bunk:

Joint Metropolitan Water District – Palo Verde Irrigation District Proposal for  
Voluntary Participation in the Lower Colorado Conservation and Efficiency Program

The Metropolitan Water District of Southern California (Metropolitan) and Palo Verde Irrigation District (PVID) are pleased to submit a joint proposal for consideration under the Program 1.a. component of the Lower Colorado Conservation and Efficiency Program (LC Conservation Program). Metropolitan and PVID are jointly proposing a three-year agreement to voluntarily fallow up to 19,460 acres in the PVID service area in years 2023 to 2026 for an intended total conserved volume of up to 373,000 acre-feet for the proposed term. If implemented for the proposed three consecutive years, the resulting system conservation would not be considered as contributions to the 500+ Plan, but would instead be eligible for the Program 1.a. three-year agreement set price of \$400 per acre-foot.

The following attachments are included as part of this letter:

- Exhibit 1 – Funding Opportunity for Voluntary Participation in the Lower Colorado Conservation and Efficiency Program letter from the Department of the Interior
- Exhibit 2 – Proposal: Metropolitan – Palo Verde Irrigation District Fallowing Program

Mr. Daniel Bunk  
Page 2  
November 21, 2022

If you have any questions or require additional information, please contact Ms. Kira Alonzo, Supply Acquisition Team Manager, at (213) 217- 6489 or [kalonzo@mwdh2o.com](mailto:kalonzo@mwdh2o.com).

Sincerely,



Brad Coffey  
Manager, Water Resource Management  
The Metropolitan Water District  
of Southern California



J.R. Echard  
General Manager  
Palo Verde Irrigation District

AMG:vsm

cc: K. Z. Alonzo  
K. Donhoff  
A. M. Garcia  
N. Hardjadinata  
B. Hasencamp  
M. Westford

**EXHIBIT 1**

**Funding Opportunity for Voluntary Participation in the Lower Colorado  
Conservation and Efficiency Program Letter from the Department of the Interior**



# United States Department of the Interior

BUREAU OF RECLAMATION  
P.O. Box 61470  
Boulder City, NV 89006-1470



IN REPLY REFER TO:  
LCB-4000  
2.2.4.23

VIA ELECTONIC & OVERNIGHT MAIL

Interested Parties

Subject: Funding Opportunity for Voluntary Participation in the Lower Colorado Conservation and Efficiency Program

Greetings:

The purpose of this letter is to follow-up on the Department of the Interior's September 22, 2022, announcement of additional steps to address drought in the Colorado River Basin (<https://www.usbr.gov/newsroom/news-release/4338>). The Department of the Interior (Department) through the Bureau of Reclamation (Reclamation) is creating this new Lower Colorado Conservation and Efficiency Program (LC Conservation Program) to increase system conservation and efficiency opportunities to address the unprecedented drought in the Lower Colorado River Basin. Similar conservation programs in the Upper Colorado River Basin and other basins experiencing comparable levels of long-term drought are also being developed. The new LC Conservation Program is a part of the commitment made by the Department on August 16, 2022, to address the drought crisis with prompt and responsive actions and investments to ensure the entire Colorado River Basin (Basin) can function and support all who rely on it.

Prolonged drought and low runoff conditions accelerated by climate change have led to historically low water levels in Lakes Powell and Mead. Over the last two decades, Department leaders have engaged with Basin partners on various drought response operations. However, given that water levels are projected to continue to decline, additional action is needed to protect the Colorado River System and prevent the reservoirs from falling to critically low elevations threatening water deliveries and power production. Reclamation is using the best available science and actively collaborating with water users across the Basin to determine the best ways to meet this increased conservation need. The historic funding committed by the Biden-Harris Administration in the Bipartisan Infrastructure Law and the recently passed Inflation Reduction Act provide resources for water management and conservation efforts in the Basin and other basins experiencing comparable levels of long-term drought. The Department will continue to deploy these resources in the Lower Colorado River Basin with this LC Conservation Program.

The LC Conservation Program is intended to provide new opportunities to fund system conservation and efficiencies in the Lower Colorado River Basin that lead to additional conservation and bridge the immediate need while moving toward improved system efficiency and more durable long-term solutions for the Colorado River system.

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INTERIOR REGION 8 • LOWER COLORADO BASIN

ARIZONA, CALIFORNIA\*, NEVADA\*

\* PARTIAL

The LC Conservation Program has three components:

1.a.) Beginning immediately, Reclamation is accepting proposals for system conservation resulting in additional volumes of water remaining in Lake Mead at a set price of:

- One-year agreement: \$330 per acre-foot
- Two-year agreement: \$365 per acre-foot
- Three-year agreement: \$400 per acre-foot

This program will require a system conservation agreement with Reclamation and is similar to previous system conservation efforts in Lower Colorado River Basin under the Pilot System Conservation Program and system conservation under the Lower Basin Drought Contingency Plan. Lower Colorado River water delivery contract or entitlement holders and Central Arizona Project water delivery contract or entitlement holders are eligible to participate in the LC Conservation Program. We request this first round of 1.a. proposals be submitted no later than November 21.

1.b.) Additionally, beginning immediately, Reclamation will accept the first round of proposals describing Lower Colorado River Basin water conservation plans that can be implemented resulting in reductions in consumptive use of lower Colorado River water having a recent history of use. The proposals will include a price per acre-foot; economic justification for the price; plan description; proposed conservation amount; verification methodologies; approximate time frame for startup and the plan duration. The proposal must meet the requirements enclosed with this letter (Enclosure). Plan proposals that reduce Colorado River consumptive use based on new or innovative concepts and collaboration among partners is encouraged. Colorado River water delivery contract or entitlement holders and Central Arizona Project water delivery contract or entitlement holders are eligible to apply. We request this first round of 1.b. proposals be submitted no later than November 21.

2) In early 2023, Reclamation will announce an opportunity for entities to submit proposals for long-term system efficiency improvements that will result in additional system conservation. The proposal review and evaluation process will be competitive and ranking factors will include: the amount and timing of water conserved in Lake Mead; the duration of the conservation; and previous participation in existing conservation programs and/or the LC Conservation Program described in 1.a. and 1.b. above with emphasis placed on participation in 1.a. conservation.

The Department encourages participation under this voluntary LC Conservation Program to minimize any reductions in the future. If you are interested in participating in the 1.a. or 1.b. component of the LC Conservation Program, submit your proposal electronically by November 21, 2022, to:

Daniel A. Bunk  
Chief, Boulder Canyon Operations Office  
Email: [dbunk@usbr.gov](mailto:dbunk@usbr.gov).

To the extent permissible by applicable law, proposals will remain confidential until plan agreements are executed to preserve the competitive nature of the selection process.

Should you have questions regarding the LC Conservation Program, or wish to discuss plan concepts, please contact Daniel Bunk at 702-293-8013 or [dbunk@usbr.gov](mailto:dbunk@usbr.gov). Individuals in the United States, who are deaf, deafblind, hard of hearing, or have a speech disability may dial 711 (TTY, TDD, or Tele Braille) to access telecommunication relay services. Individuals outside the United States should use the relay services offered within their country to make international calls to the point-of-contact in the United States.

Sincerely,

**JACKLYNN  
GOULD** Digitally signed by  
JACKLYNN GOULD  
Date: 2022.10.12 11:29:07  
-07'00'

Jacklynn L. Gould, P.E.  
Regional Director  
Interior Region 8: Lower Colorado Basin  
Bureau of Reclamation

## **ENCLOSURE 1**

### **Requirements for Lower Basin System Conservation and Efficiency Project Proposals**

**Purpose:** The Lower Colorado River Basin System Conservation and Efficiency Program (LC Conservation Program) is intended to provide new opportunities for system conservation in the Lower Colorado River Basin that also lead to additional conservation and bridge the immediate need while moving toward improved system efficiency and more durable long-term solutions for the System. The Bureau of Reclamation is requesting proposals describing Lower Colorado River Basin water conservation projects that can be implemented resulting in reductions in consumptive use of Colorado River water having a recent history of use. Colorado River water delivery contract or entitlement holders and Central Arizona Project (CAP) water delivery contract or entitlement holders are eligible to apply. The conserved Colorado River System water will not accrue to the benefit or use of any individual Colorado River water user.

#### **Proposal and Selection Requirements:**

##### **Proposal Requirements**

##### **System Conservation Program Under a Set Fixed Price (Program 1.a. in Letter)**

The LC Conservation Program fixed-priced 1.a. proposals must include the following information:

- Plan description.
- The amount of Colorado River System water to be conserved per year and over the life of the proposed plan.
  - System water conserved shall be based on a history of use (not entitlement); this criterion will be reviewed on a case-by-case basis.
- Methodology for estimated consumptive use reduction and supporting information that documents the estimate.
- Description of how the proponent will verify and document the consumptive use reduction on an annual or more frequent basis, as appropriate.

We request this first round of 1.a. proposals be submitted no later than November 21, 2022.

##### **Proposals for System Conservation (Program 1.b. in Letter)**

The LC Conservation Program fixed-priced 1.b. proposals must include the following information:

- Plan description.
- The amount of Colorado River System water to be conserved per year and over the life of the proposed plan.
  - System water conserved shall be based on a history of use (not entitlement); this criterion will be reviewed on a case-by-case basis.
- Methodology for estimated consumptive use reduction and supporting information that documents the estimate.
- Description of how the proponent will verify and document the consumptive use reduction

- on an annual or more frequent basis, as appropriate.
- Amount of time required to implement the conservation plan and the plan duration.
  - Estimated cost per acre-foot of conserved water (on either an annual basis or other proposed period of plan operation) and economic explanation of the proposed cost.
  - Description of how the proposed plan will ensure that the amount of conserved water to remain in Lake Mead will not be ordered by other entitlement holder(s), for example, through third party consents or forbearance agreements.
  - Any additional information deemed helpful to explain and aid understanding of the proposal.

We request this first round of 1.b. proposals be submitted no later than November 21, 2022.

### **Selection Criteria**

#### **System Conservation Program Under a Set Fixed Price (Program 1.a. in Letter)**

Reclamation will select proposals on the basis of how well they meet the following requirements. In developing your proposal, please keep in mind:

- Only Colorado River water delivery contract or entitlement holders and CAP water delivery contract or entitlement holders are eligible to participate in the LC Conservation Program.
- Entities and/or individuals will need to collaborate with Reclamation and other water entitlement holders in your state to ensure that the conserved water is not ordered for delivery and that it remains in Lake Mead.
- In early 2023, the Department will announce an opportunity for entities to submit proposals for long-term system efficiency improvements that will result in additional system conservation. The proposal review and evaluation process will be competitive, and ranking will occur on factors including: the amount and timing of water conserved in Lake Mead; the duration of the conservation; and previous participation in existing conservation programs and/or this LC Conservation Program.

#### **System Conservation (Program 1.b. in Letter)**

Reclamation will select proposals on the basis of how well they meet the following requirements. In developing your proposal, please keep in mind:

- Only Colorado River water delivery contract or entitlement holders and CAP water delivery contract or entitlement holders are eligible to participate in the LC Conservation Program.
- The proposal review and evaluation process is competitive; ranking will occur on the amount and timing of water conserved in Lake Mead, the cost per acre-foot, feasibility in verifying and accounting for water conserved in Lake Mead and evaluating the uniqueness of testing new approaches for creating conservation.
- Entities and/or individuals may have already committed financial and other resources to water use plans for calendar years 2022 and 2023. In such cases, we are flexible regarding plan initiation.
- Entities and/or individuals will need to collaborate with Reclamation and other water entitlement holders in your state to ensure that the conserved water is not ordered for delivery and that it remains as system conservation in Lake Mead.
- In early 2023, the Department will announce an opportunity for entities to submit proposals for long-term system efficiency improvements that will result in additional system conservation. The proposal review and evaluation process will be competitive, and ranking will occur on factors including: the amount and timing of water conserved in Lake Mead; the duration of the system conservation; and previous participation in existing

system conservation programs and/or this LC Conservation Program.

**Other Information:** Participants will be required to execute a System Conservation Implementation Agreement (SCIA) with Reclamation containing terms and conditions for the design, implementation, monitoring, evaluation of the LC Conservation Program plan, and compensation to the entitlement holder proposing the plan, and setting forth the obligations of the parties. By entering into a SCIA, the participant grants access to Reclamation to perform periodic on-site inspections of system conservation plan. Participants must be in compliance with applicable Federal, State, and local environmental, cultural, and paleontological resource protection laws and regulations throughout the term of the SCIA. Reclamation's annual Colorado River Accounting and Water Use Report: Arizona, California, and Nevada will serve as the basis for documenting the amount of system conservation achieved under the LC Conservation Program.

## EXHIBIT 2

### **Metropolitan Water District of Southern California - Palo Verde Irrigation District Following Proposal for the Lower Colorado Conservation and Efficiency Program**

#### **Purpose**

The Metropolitan Water District of Southern California (MWD) and Palo Verde Irrigation District (PVID) are jointly submitting the following proposal for consideration to participate in the Lower Colorado Conservation and Efficiency Program (LC Conservation Program). This proposal is for the first component of the LC Conservation Program, i.e., System Conservation Program Under a Set Fixed Price (Program 1.a). The proposal is for the three-year agreement: \$400 per acre-foot.

#### **Background**

In 2004, Metropolitan Water District of Southern California (MWD) entered into a 35-year agreement, *Palo Verde Irrigation District Land Management, Crop Rotation and Water Supply Program* (PVID/MWD Forbearance and Following Program), with Palo Verde Irrigation District (PVID) and landowners within the PVID's service area whereby MWD pays for land within the valley's service area to be fallowed. The amount of land fallowed varies annually in response to water savings needed in any given year, fluctuating between approximately 7 and 28 percent of the valley land. The forborne water is made available for MWD use on a direct acre-foot for acre-foot basis.

The PVID/MWD Forbearance and Following Program has 25,947 acres enrolled. The enrolled acres are entitled to receive Priority 1 water. MWD from time-to-time issues following call notices. A call notice declares the number of acres to be fallowed for a given year, ranging from a minimum of 6,487 fallowed acres (25%) to the maximum amount of 25,947 acres (100%). In addition, on the condition there is a California Environmental Quality Act approval, an additional 7,500 acres are eligible for landowners to fallow voluntarily above the PVID/MWD Forbearance and Following Program's maximum.

Starting August 1, 2023, the PVID/MWD Forbearance and Following Program will be at maximum fallowing of up to 25,947 acres. Of this number of fallowed acres, 50% are paid by a joint funding agreement, *Funding Agreement Among the United States of America, through the Department of the Interior, Bureau of Reclamation, the Central Arizona Water Conservation District, The Metropolitan Water District of Southern California, and the Southern Nevada Water Authority, for the Creation of Colorado River System Water*. The agreement will expire on July 31, 2024.

#### **Proposed Plan**

The plan is to use the PVID/MWD Forbearance and Following Program's unused fallowing capacity to participate in the Lower Colorado Conservation and Efficiency Program (LC Conservation Program).

The proposed plan will cover a period from the second quarter of the calendar year 2023 through July 31, 2026. Starting approximately in the second quarter of 2023, since the program is under a maximum fallowing call, MWD will solicit the PVID landowners to voluntarily fallow up to 7,500 additional acres. The additional volunteered acres are above the maximum fallowed acres allowed in the PVID/MWD Forbearance and Following Program. The additional acres could conserve up to 23.5 TAF in 2023, 31.5 TAF in 2024, 31.5 TAF in 2025, and 18 TAF in 2026.

In addition to the volunteered acres, starting August 1, 2024, the PVID/MWD Forbearance and Fallowing Program would use the unused fallowing capacity of 19,460 acres (this is 75% of the maximum acres) to participate in the LC Conservation Program through July 31, 2026. The conserved estimate is of up to 34 TAF in 2024, 82 TAF in 2025, and 48 TAF in 2026.

Summary Table of Conserved System Water per Calendar Year

	Volunteered Acres	Program Acres
2023	23.5 TAF	-----
2024	31.5 TAF	34.0 TAF
2025	31.5 TAF	82.0 TAF
2026	18.0 TAF	48.0 TAF

The cumulative sum over the life of the proposed plan is an estimate of 268.5 TAF conserved for the LC Conservation Program.

**Methodology for estimated consumptive use reduction and supporting information that documents the estimate.**

Since the start of the PVID/MWD Forbearance and Fallowing Program, annually, a verification report is prepared mutually with MWD, PVID, and U.S. Bureau of Reclamation (USBR) documenting the methodology, the verification of fallowed land and the calculations estimating the water saved. The proposed plan would use the annual verification report to estimate the consumptive use reduction and would be the document supporting the estimates.

**Description of how the proponent will verify and document the consumptive use reduction on an annual or more frequent basis, as appropriate.**

As part of the administrative management of the PVID/MWD Forbearance and Fallowing Program, MWD conducts, at least twice a year, randomly selected on-site field inspections. The field inspections verify the land is meeting the fallowing requirements. USBR also conducts, twice a year, on-site randomly selected field inspections, which are independent of the MWD’s field inspections. On a continuous basis, PVID staff monitors and inspects fields routinely. In addition to the field inspections, PVID has through the water delivery systems do not permit water deliveries to land that are designated as fallowed land in the PVID/MWD Forbearance and Fallowing Program. The activities ensure there is consumptive use reduction in the PVID service area through fallowing.

## DiDonato, Nancy

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**From:** Bunk, Daniel A  
**Sent:** Tuesday, September 2, 2025 8:28 AM  
**To:** Hasencamp, William  
**Cc:** Hughes, Michael W; JR Echard; Dodds, Jeremy R.; Kirsch-Burke, Lesli Y; DiDonato, Nancy; Dickson, Kerim E; Everett, Nicole A; Watkins, Kyle R  
**Subject:** RE: [EXTERNAL] MWD and PVID Approve Revised SCIA

Hi Bill and JR,

Your message has been received and we will proceed with preparing an execution copy of the amendment for signature.

Thanks,  
Dan

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**From:** Hasencamp, William <whasencamp@mwdh2o.com>  
**Sent:** Monday, August 25, 2025 10:35 AM  
**To:** Bunk, Daniel A <dbunk@usbr.gov>  
**Cc:** Hughes, Michael W <MHughes@mwdh2o.com>; JR Echard <jr@pvid.org>  
**Subject:** [EXTERNAL] MWD and PVID Approve Revised SCIA

**This email has been received from outside of DOI - Use caution before clicking on links, opening attachments, or responding.**

Dan Bunk  
Area Manager | Boulder Canyon Operations Office

Dear Dan:

We are pleased to inform you that the boards of both MWD and PVID have approved entering into a revised SCIA with Reclamation. This email serves to notify Reclamation that MWD and PVID hereby request Reclamation amend the current SCIA to extend the creation of system conservation water from August 1, 2026 through December 31, 2026 with similar terms and conditions in the current SCIA.

Please contact either of us if you have any questions. We appreciate Reclamation's support of this program.

Thank you,

Bill Hasencamp, Metropolitan Water District  
JR Echard, Palo Verde Irrigation District