

## FLEX Water Market



Photo Credit: Alex Kerney

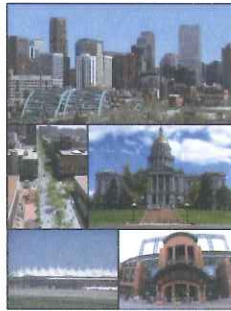


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## FLEX Market

- Agreement to change the use of senior water right to include multiple uses
- Platform to facilitate voluntary leases, trades between market members
- Example: Ag User, M&I User, E/C User
- Goals
  - **Permit** a portion of the senior right to be used for M&I and EC uses pursuant to voluntary contractual arrangements
  - **Maintain** the economic benefit of the senior water right in its region of origin
  - **Retain** sufficient water supply in the region of origin to sustain agricultural activities.



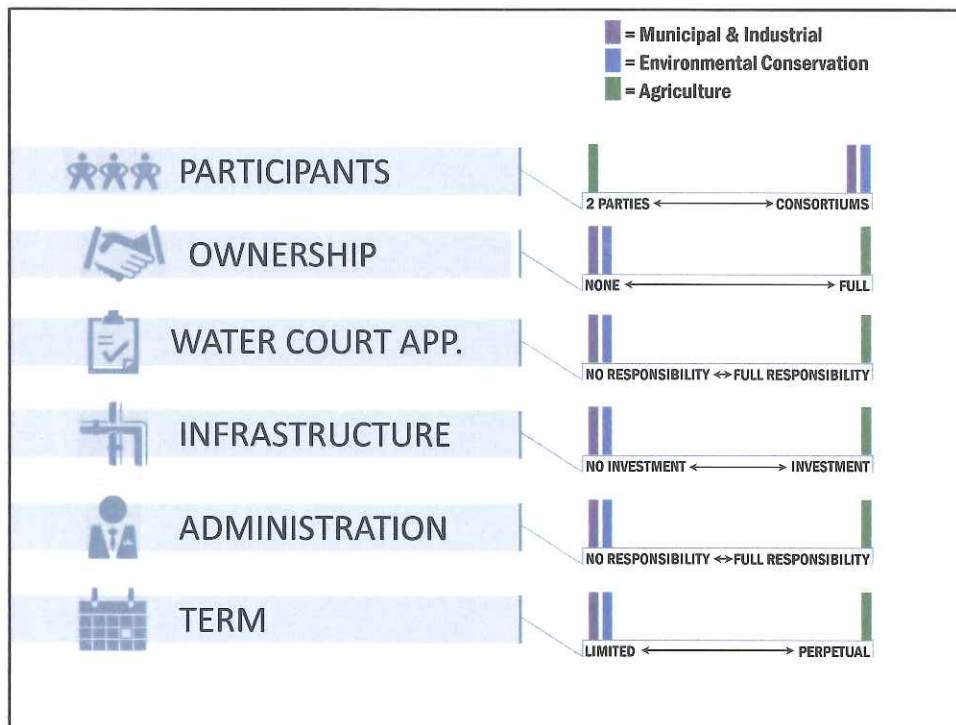
Photo Credit: Wuxel007



Photo Credit: Jeffrey Beall



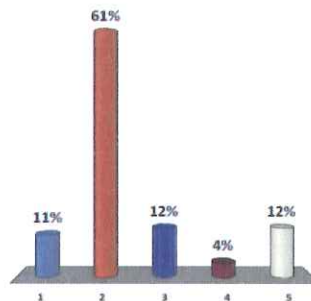
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## FLEX Summit

What is the single greatest barrier to multiple uses of senior decreed rights?

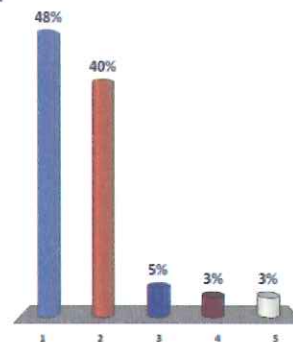
1. Transactional Costs
2. Legal issues
3. Price point for sale or lease of water
4. Delivery infrastructure
5. Other



## FLEX Summit

Water court/administrative costs are a substantial barrier to implementation of alternatives to buy and dry like the FLEX market.

1. Strongly Agree
2. Agree
3. Neutral
4. Disagree
5. Strongly Disagree



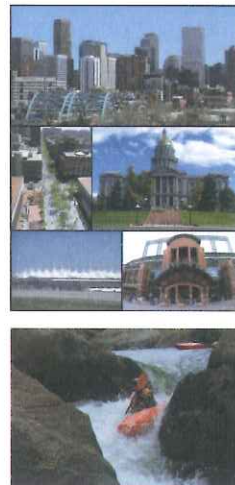
## FLEX Study Lessons

- Water Transfers Should Preserve Economic Benefit in Local Economies
- Keep it Simple
- Promote Ditch Wide Changes in Use to Multiple End Uses
  - Statutory Amendments
  - Standardized Approaches
  - Funding



## FLEX Study Lessons

- Develop New Models of Ownership
  - Shared Ownership
  - Market Based Interventions
- Distinguish Between ATM Market Types
  - OTC Market
  - Permanent Supply
  - Blended Market
- Use Land Use and Policy Tools
  - Conservation Easements
  - Prioritizing Food and Fiber Production Areas
- Investigate Indexed Pricing Mechanisms
- Education



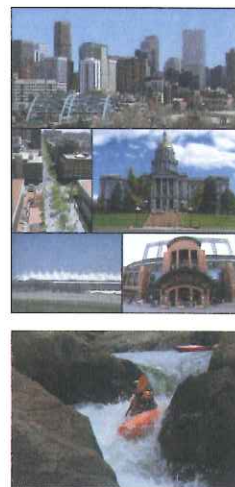
## Legislative Recommendations

- FLEX Use
- Partially irrigated property tax
- Crop insurance covering ATM practices
- Ditch Wide Change in Use
- FLEX Development Zones



## FLEX Use

- “FLEX Use”
  - Issue: current statutory statement of anti-speculation prevents quantification and flexible use
  - Create statutory “FLEX” use or “use types” to substitute for end users in water court and administrative applications
  - Allow quantification of CU for “FLEX” uses, delivery at identified river locations
  - Water “wild card” usable in a broad range of applications



## FLEX Use

- Amend 37-92-103 (definitions)
  - 10.9 Define flex consumptive use
  - 10.10 Define flex use
  - 3(a) Limited exception to anti-speculation doctrine for flex use
  - 4(d) Add flex use as beneficial use
- Amend 37-92-305 (change in use)
  - 4(a)(VII) Add key elements of flex decree
    - Historical CU and return flows
    - Terms and conditions for following, regulated deficit irrigation, reduced CU cropping
    - Defined point of delivery for FLEX CU
    - Applicant must prevent injury



## On the Cache La Poudre River, 1876



On the Cache La Poudre River, 1876  
Worthington Whittredge (1820-1910)