

## Draft PERC State Incentive Outline

### Integration of Idaho Groundwater Association and Idaho Power Company Recommendations

(10 year duration applies to new applications and existing CREP contracts)

<u>Monetary Incentives Structure</u>	<u>Area</u>	<u>Early Contract Termination Penalties</u>	<u>Permanent Retirement Option</u>	<u>Administrative Fee for Modifications to Contract</u>
<p><b>Land Value Based Ranking with Proximity Adjustment</b></p> <ol style="list-style-type: none"> <li>1. Use values of the land are based on approximately 30% of the FSA values used for CREP.</li> <li>2. Then adjust the 30% value based on temporal aquifer response zones with proximity to the Snake River based on the following:               <ul style="list-style-type: none"> <li>▪ <b>Zone 1</b> 0-5 miles = 130%</li> <li>▪ <b>Zone 2</b> 5-10 miles = 120%</li> <li>▪ <b>Zone 3</b> 10-20 miles = 110%</li> <li>▪ Greater than 20 miles = 100% (or no proximity zone adjustment)</li> </ul> </li> </ol> <p>Example only (actual values are pending):</p> <ol style="list-style-type: none"> <li>1. FSA land value = \$130/acre</li> <li>2. \$130 x 30% = \$39/acre PERC</li> <li>3. Land location is 3 miles from river so it falls in Zone 1 for an additional 30% adjustment of \$39 x 130% = \$50.70 is the final additional payment.</li> </ol>	<ul style="list-style-type: none"> <li>▪ All lands within the Eastern Snake Plain Aquifer (ESPA) boundary qualify if they have been irrigated within the previous 24 months by groundwater tributary to the ESPA from date of application.</li> <li>▪ Only total application acreages larger than 5 continuous acres qualify.</li> <li>▪ Irrigated by groundwater or surface water sources other than the main stem of the Snake River, at the rate of not less than ½ acre-foot per acre for 4 out of 6 years, 1996-2001.</li> <li>▪ The land must be physically and legally capable of being irrigated in a normal manner when offered for PERC enrollment (e.g. must have a valid water right).</li> <li>▪ Total limit or cap of 25,000 acres for ESPA.</li> <li>▪ Land enrolled in PERC must remain dry over the course of the PERC contract.</li> </ul>	<p>In the event of early termination participants would be required to refund all payments received plus interest (IWRB loan rate).</p> <p>In addition to repayment of all funds received, an early contract termination penalty is calculated using 25% of the estimated first year's annual payment. Termination during years 2-6 would involve an additional penalty consisting of 10% of the payment received for each year. Terminations after year 6 will not be allowed.</p>	<ul style="list-style-type: none"> <li>▪ At the end of the contract the State may exercise the option to buy the portion of the water right pertinent to land enrolled in PERC based upon the appraised value at the time. These water rights would be held in trust by the Idaho Water Resource Board.</li> <li>▪ All payments made over the duration of the contract count towards the purchase price of retirement.</li> </ul>	<ul style="list-style-type: none"> <li>▪ If the applicant decides to change or modify an existing contract then an administrative processing fee will be charged in the amount of \$500 for each modification.</li> </ul>

PERC is a State-based program parallel to the CREP that is designed to give participants the option to enroll in 1) CREP, 2) PERC, or 3) CREP + PERC.

Existing CREP	=	\$\$
Proposed PERC	=	\$
CREP + PERC	=	\$\$\$