

**Draft Memorandum of Agreement
between the Idaho Water Resource Board
and the Owners of Conversion Projects**

Issues for Discussion

Water Supply:

Incentives: IWRB provides water at a discount to conversion project users based on the length of the agreement.*

- Provide IWRB rental pool water at a discount rate off the annual cost of in-basin rental pool water (see Table).
- Provide rebate to sponsors who provide surface water from a source other than the IWRB. This encourages the use of other surface water supplies to offset IWRB's limited supply of water.
- Discount is greater for longer term agreements.

TABLE 1

Agreement Term Length	Discount Rate off Annual Cost of In-Basin Rental Pool Water
10 years or longer	50%
5-9 years	30%
2-4 years	10%
1 year	0%

* IWRB portfolio of water: 5000 af Palisades, 2800 af Black Canyon Exchange, exploring other potential sources.

Associated Costs:

- Conveyance Fees:
 - a. Sponsor pays fees directly to the conveyance company.
 - b. IWRB provides a rebate directly to the Sponsor to offset the costs.
 - c. Rebate is based on the term of the agreement.
 - d. Rebate is not issued to projects without conveyance needs.
 - e. Under this scenario, an agreement between the canal company and the IWRB is not necessary.

TABLE 2

Agreement Term Length	Conveyance Fee Rebate per AF of Water Delivered
10 years or longer	\$3.00
5-9 years	\$2.00
2-4 years	\$1.00
1 year	None

- Operation and maintenance: Sponsor pays all operation and maintenance costs.
- Monitoring equipment: IWRB provides and installs all monitoring equipment, but may not pay costs required to significantly modify the existing system. Sponsor is obligated to participate in monitoring plan.

Early Termination and Reimbursement (Penalties):

- Approach 1: Sponsor is required to reimburse the IWRB based on all discounts and rebates received by the sponsor up to the date of termination.
- Approach 2: Sponsor is required to reimburse the IWRB costs associated with anticipated future water savings or benefits to the aquifer.

Additional Questions/Requirements:

- See Draft MOA
- Can an MOA be executed quickly for interested 2009 AWEPP applicants to allow them to move forward?
 - Draft an MOA without incentives (water supply discounts and conveyance fee rebates).
 - MOA should provide for monitoring and reporting.
 - Allow for a contract amendment once the incentive plan has been approved.