

DRAFT TERMS OF REFERENCE

Water Allocation Transfer System Project Team

Approved by the Alberta Water Council on June 17th, 2008.

CONTEXT

The *Water Act*¹, proclaimed in force in Alberta in 1999, attempts to balance the historical water allocation system with an expanded framework of statutory principles intended to facilitate the re-allocation of water and its conservation for future generations².

Portions of the South Saskatchewan River Basin are currently closed to new applications for water licences, except for First Nations, Water Conservation Objectives (WCO) and storage projects. Other basins may face water allocation challenges in the future. The Alberta Water Council believes it is timely to undertake a comprehensive review of the water allocation transfer³ system within the existing legislative framework.

The effective reallocation of water, within the context of a finite and restricted supply is a complex task. Improvements to the existing water allocation transfer system will facilitate and complement the stated outcomes of the *Water for Life* strategy.

The Project Team will operate in a manner that is consistent with the rules, policies and procedures adopted by the Alberta Water Council, including the use of consensus to make decisions in a multi-stakeholder process.

GOAL

- Develop recommendations to better utilise and enhance Alberta's water allocation transfer system to contribute to *Water for Life* goals

Working within the context of the *Water Act*, the Project Team will:

- Identify and agree on desired outcomes for Alberta's water allocation transfer system
- Review the current water allocation transfer system to determine whether the system is meeting desired outcomes
- Identify opportunities to improve the water allocation transfer system
- Identify how improvements to the system can facilitate:
 - reallocation of water within a basin
 - water conservation and efficiency
 - protection and enhancement of healthy aquatic ecosystems
 - a sustainable economy
 - safe and secure supplies of drinking water

¹ *Water Act*, R.S.A. 2000, c. W-3

² See Section 2 of the *Water Act*

³ For the purpose of this project, the word 'transfer' means any reallocation of water rights between users through amendments, assignments, transfers, and other related tools.

KEY TASKS: *topic areas the Team must explore; work the Team must do to meet its strategic intent.*

1. Identify key concerns and interests that need to be addressed.
2. Describe the existing system. Identify baseline information needed by the Project Team to complete its task, conduct gaps analysis, document lessons learned and develop a plan and timelines to compile this information.
3. Review best management practices and leading edge policies and programmes for water allocation transfer in other jurisdictions and determine their applicability to Alberta.
4. When determining improvements to the system, the Project Team will consider at a minimum:
 - a. Clear ecological objectives (WCO, Instream Flow Needs, etc.)
 - b. Public consultation, notification and transparency
 - c. Water conservation, supply and demand management alternatives
 - d. Management techniques to account for drought, climate change, and other risk management factors
 - e. A mechanism that brings those seeking a water allocation together with those willing to transfer a water allocation
 - f. Clear economic and social objectives to ensure adequate water supplies for drinking water and economic development
 - g. Complementary provincial legislation and regulation
 - h. The work of Watershed Planning and Advisory Councils (WPACs) and other *Water for Life* initiatives
 - i. Public information and awareness of the enhanced water allocation transfer system
 - j. The need to evaluate the effectiveness of the enhanced water allocation transfer system in meeting desired objectives.
5. Describe the essential components of a water allocation trading system that is transparent, equitable and efficient.
6. Identify barriers to achieving future system objectives, and recommend solutions to remove barriers. Barriers could include existing regulatory and statutory requirements, knowledge/information gaps, mechanisms for the transfer and allocation of water, and structural inefficiencies in the existing system.
7. Determine the need for and mechanisms to accomplish broader stakeholder/public consultation and information on the project team's deliberations.
8. Develop recommendations for how improvements will be implemented and monitored, taking into account synergy and alignment with other *Water for Life* and WPAC initiatives.
9. Develop a work plan with clear timelines for completing key tasks and providing a final report and recommendations to Council.

10. Provide regular status reports to Council:

- a. The Project Team will provide an interim report at the fall Council meeting
- b. The Project Team will provide a final report and recommendations to Council at its spring 2009 meeting.

OTHER CONSIDERATIONS

The Project Team will ensure its recommendations are consistent with existing inter-provincial and federal agreements and legislation, and do not undermine provincial and federal jurisdiction over water.

BUDGET

Estimate \$200,000

PROJECT TEAM MEMBERSHIP

Alberta Environment (GoA)

TransAlta Corporation (Power Generation)

Alberta Beef Producers (Livestock)

Alberta Irrigation Projects Association (Irrigation)

Alberta Chamber of Resources

Alberta Economic Development Authority

Canadian Association of Petroleum Producers (Oil and Gas)

Trout Unlimited (Fisheries Habitat)

Water Matters (Environmental)

Watershed Planning and Advisory Councils

City of Calgary (Large Urban sector)

Town of St. Paul (Small Urban Sector)

Clearwater County (AAMDC – rural municipalities)

Alberta Water Research Institute

Alberta Food and Rural Development (GoA)

Corresponding members

Alberta Forest Products Association

Ducks Unlimited