An Integrated Solution to Water Mismanagement in the West

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Water is in short supply.
What happens after environmental “needs” are met?
Allocation among sectors (ag, urban, enviro) with auctions.
Conservation within sectors (urban retail) with pricing.
What We Want to Avoid

Do with less—so they’ll have enough!

RATIONING GIVES YOU YOUR FAIR SHARE
1. Adjudicate rights to ground and surface water.
2. Set aside basic environmental and human flows.
3. Auction *known*, remaining water to ag, urban and enviro.
4. Highest rejected price; revenue to rights owners.
5. Rights owners can “buy from self” – no takings.
6. Price determined by economic value of water.
Conservation Pricing

- Current pricing is based on average or marginal cost.
- Cost-based pricing is too low to affect demand.
- Conservation pricing reduces the quantity demanded and reduces the need for new sources of supply, e.g., reservoirs, aqueducts, desalination, reclamation, etc.
- Per capita rebates of excess revenue are progressive.
Questions & Answers

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Read my blog at http://aguanomics.com/.