

# May I Have Another Helping Of VISPO?

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# Voluntary Irrigation Ssuspension Program Option (VISPO)



# Overview



# Edwards Aquifer Habitat Conservation Plan

- **The Partners:**

- Edwards Aquifer Authority
- City of New Braunfels
- City of San Marcos
- City of San Antonio acting by and through its San Antonio Water System Board of Trustees
- Guadalupe-Blanco River Authority
- Texas State University
- Texas Parks and Wildlife Department (TPWD)
- United States Fish and Wildlife Service

# Objective

- The Edwards Aquifer Authority (EAA)-in the process of implementing regional Habitat Conservation Plan (HCP) designed to protect springflows in Edwards Region during a repeat of the drought of record.

# Creation Authority

- Maintaining continuous springflows-a requirement imposed on EAA by Texas Legislature and US Fish and Wildlife Service under the Endangered Species Act.

One of the elements of the HCP is the Voluntary Irrigation Suspension Program Option (VISPO).

# Goal Of VISPO

- Enroll 40,000 acre-feet of permitted irrigation rights base and/or unrestricted.
  - **Need to report somewhere how many acre-feet are signed up**
- So water will remain unused in years of severe drought.
- Permit holders will be compensated for water enrolled in program.



# Trigger

- If water level:
  - At the J-17 index well in San Antonio
  - At or below 635 feet on October 1
  - EAA will notify program participants to suspend the use of the enrolled water for the following year beginning on January 1.

# Enrollment Options

- 5 year option
- 10 year option

# VISPO Payment Types

- VISPO payments to permittees who enroll in program:
  - Standby Payment
  - Forbearance Payment

# Standby Payment

- Every participant will receive a “Standby Payment”
- Not later than March 1st of each year.
- Made regardless of whether or not the participant is required to suspend withdrawals that year.

# Forbearance Payment

- In years in which withdrawals of enrolled water are suspended, participants will be paid a **Forbearance Payment** by March 1st of that year.

# Payment Amounts

Option	Fee	1	2	3	4	5	6	7	8	9	10
5-Year	Stand-by*	50.00	50.75	51.51	52.28	53.06	N/A	N/A	N/A	N/A	N/A
	Forbearance*	150.00	152.25	154.53	156.84	159.18	N/A	N/A	N/A	N/A	N/A
10-Year	Stand-by*	57.50	57.50	57.50	57.50	57.50	70.20	70.20	70.20	70.20	70.20
	Forbearance*	172.50	172.50	172.50	172.50	172.50	210.60	210.60	210.60	210.60	210.60

- The amount of the standby payment escalates at 1.5% compounded annually over the five years of the program.

# Opt Out Possibility

- If the level in J-17 is:
  - At or below 635' on October 1 & above 660' on January 1
  - Participant can opt out of the suspension
  - By notifying the EAA within 15 days
  - Participant then will not receive the Forbearance Payment for that year.
- EAA, at its expense, will install and maintain real-time meters on the wells enrolled in the program if only a portion of a permit is enrolled in program.
- Enrolling water in VISPO does not prevent or additionally complicate the ability to transfer permits.
- Program participants may lease or assign their permits, even the water enrolled in VISPO, so long as activity complies with EAA's existing transfer regulations and provides EAA notice before the transfer occurs.
- Obligations under the Agreement will be binding on lessee or other assignees.

# Example

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# Example

- Given:
  - Random block of potentially irrigated crop land in Uvalde County (say 100 ac.)
  - Have been using a crop rotation on land: Year 1-Irr. Corn, Year 2-Irr. Cotton, Year 3-Irr. Winter wheat, Year 4-Irr corn, and Year 5-Irr. cotton.
  - Irr. corn yield = 150 bu; Irr. Cotton yield = 1,500 lbs lint; and Irr. Wheat yield = 60bu
  - Corn price = \$5.75 per bu; cotton price = \$0.75 per lb; and wheat price = \$7.38 per bu.
  - Yields and prices are constant year-in and year-out.
  - Irrigation water required per crop: corn = 1.5 ac-ft; cotton = 1.3 ac-ft; and wheat = 0.8 ac-ft.
  - Costs of production for: corn = \$626.00; cotton = \$777.00; and wheat = \$335.00 per acre for each commodity.
  - Costs increased at 1.5% per year.

# Example—Cont'd

- Possible cases:
  - Case 1—grow irrigated crops outside of the VISPO program and assume adequate rain/irrigation water availability.
  - Case 2—grow irrigate crops within the VISPO plan with 1.5 ac-ft of water opted-in during each of five years with no irrigation suspension in any year.
  - Case 3—grow irrigated crops within the VISPO plan with no water suspension for 4 of 5 years and 1 year of suspension.

# Example – Cont'd

## 5 Year Plan Results Table

Description		Crop Year's Results				
Crop Rotation	Alt. #	Corn	Cotton	Wheat	Corn	Cotton
Production Year		1	2	3	4	5
Alternatives						
NPV1 = \$1,111.28	1	235.89	335.75	97.75	207.69	300.75
NPV2 = \$1,473.42	2	310.89	411.87	174.64	285.35	379.19
NPV3 = \$1,462.53	3	300.00	411.87	174.64	285.35	379.19
NPV4 = \$1,369.17	4	310.89	304.50	174.64	285.35	379.19
NPV5 = \$1,598.69	5	310.89	411.87	307.55	285.35	379.19

NPV1= No participation in VISPO program NPV2= Participation but with no forbearance of irrigation  
 NPV3= Participation with forbearance in corn year of rotation NPV4= Participation with forbearance  
 in cotton year NPV5= Participation with forbearance in wheat year.

# Key Dates

- **October 1:** Trigger Date if J-17 is at or below 635 ft.
- **January 1:** Opt-out becomes available if J-17 is at or above 660 ft.
- **March 1:** All payments received

# Thank You — Comments? Questions?

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