

Division 18

ALLOCATION OF CONSERVED WATER

690-018-0010

Purpose and Applicability

(1) These rules describe the voluntary program under which a water right holder may benefit from an allocation of conserved water. Under the program, a portion of any water conserved may be used on additional lands, be put to a different use, or be leased or sold to another user.

(2) This program is intended to promote the conservation of water, maximize beneficial use and enhance streamflows pursuant to the statutory authority in ORS 537.455 to 537.500 and 540.510(2) and (3).

(3) These rules establish the process for review and evaluation of the merits and impacts of applications for allocation of conserved water. After a sufficient number of applications are submitted, these rules shall be reviewed and revised, as necessary, to further promote the allocation of conserved water and to provide criteria for determining requirements for mitigation and the establishment of instream water rights.

(4) The rules in this division apply to applications submitted after April 1, 2026, except as specified in OAR 690, Division 2. Applications submitted before this date shall be subject to rules in effect at the time of submittal, except as specified in OAR 690, Division 2.

690-018-0012

Allocation Formula and Process

(1) Pursuant to ORS 537.470(3), after determining the quantity of conserved water, if any, required to mitigate the effects on other water rights, the Commission shall allocate 25 percent of the remaining conserved water to the state and 75 percent to the applicant, unless the applicant proposes a higher allocation to the state or more than 25 percent of the funds used to finance the conservation measures comes from federal or state public sources. If more than 25 percent of the funds used to finance the conservation measures comes from federal or state public sources and is not subject to repayment, the Commission shall allocate to the state a percentage equal to the percentage of public funds used to finance the conservation measures and allocate to the applicant a percentage equal to the percentage of other funds used to finance the conservation measures. In no event, however, shall the applicant receive less than 25 percent of the remaining conserved water unless the applicant proposes a higher allocation to the state.

(2) A water right affected by an allocation of conserved water under this program shall retain its original priority date. The priority date of the conserved water rights shall be either the same as or one minute after that of the original right.

(3) Many water users have expressed concern about the effects of an allocation of conserved water on the continued use of water under the original water right. These rules allow for a period of up to five years after implementation of a conservation project to confirm that the project is performing as expected. This will allow water right holders to better determine the adequacy of

the quantity of water allocated to the original right. However, no out-of-stream uses may be made of the conserved water until after finalization of the project and issuance of the new certificates.

690-018-0014

Timing of applications

(1) Applications for allocation of conserved water should be submitted prior to implementation of conservation measures. Project sponsors are encouraged to consult with the Department and other natural resource agencies and to submit applications early in the process of project development. The Department will work with applicants to identify and resolve any concerns of local water right holders, governmental entities, or other organizations.

(2) Notwithstanding section (1) of this rule, applications for allocation of conserved water may be submitted for projects in which all or a significant portion of the project costs have already been incurred. However, these project sponsors must consult with other water right holders in the area, governmental entities, and other organizations who have asked to be consulted prior to submittal of an application to identify and resolve any concerns regarding the application. Conserved water shall not be allocated pursuant to an application under these rules if the application is filed more than five years after the conservation measure was implemented.

690-018-0020

Definitions

The following definitions apply in OAR 690, division 18 and to any applications submitted or certificates issued under these rules.

(1) "Affected local government" means any local government, as defined in OAR 690-005-0015, within whose jurisdiction water is or would be diverted, conveyed, or used under a proposed or approved order allocating conserved water.

(2) "Commission" means the Water Resources Commission.

(3) "Conservation" means the reduction of the amount of water diverted to satisfy an existing beneficial use achieved either by improving the technology or method for diverting, transporting, applying or recovering the water or by implementing other approved conservation measures.

(4) "Conserved Water" means that amount of water that results from conservation measures, measured as the difference between:

(a) The smaller of the amount stated on the water right or the maximum amount of water that can be diverted using the existing facilities; and

(b) The amount of water needed after implementation of conservation measures to meet the beneficial use under the water right certificate.

(5) "Conserved Water Right" means any water right established by allocation of a quantity of water, that results from the savings of a conservation measure pursuant to OAR 690-018-0010 to 690-018-0090.

- (6) "Department" means the Water Resources Department.
- (7) "Director" means the Water Resources Director.
- (8) "Instream Water Right" means a water right held in trust by the Water Resources Department for the benefit of the people of the State of Oregon to maintain water instream for public use.
- (9) "Project costs" means the estimated total projected expenditures and in-kind contributions for a conservation project including but not limited to the costs of engineering, constructing, and monitoring the project and the present value of the incremental change in costs for up to 20 years of operations and maintenance that would not be incurred or realized in the absence of the project.
- (10) "Water use subject to transfer" means a water use established by:
- (a) An adjudication under ORS Chapter 539 as evidenced by a court decree;
 - (b) A water right certificate;
 - (c) A water use permit for which a request for issuance of a water right certificate under ORS 537.250 has been received and approved by the Water Resources Commission under ORS 537.250; or
 - (d) A transfer application for which an order approving the change has been issued under ORS 540.530 and for which proper proof of completion of the change has been filed with the Water Resources Commission.

90-018-0025**District Requirements**

- (1) Any district intending to seek allocations of conserved water pursuant to ORS 537.455 to 537.500 shall, after providing public notice and holding a public meeting, adopt a policy that at a minimum shall:
- (a) Describe how water saved by conservation measures will be allocated by the district;
 - (b) Describe how the district will address the allocation of conserved water percentages under ORS 537.470;
 - (c) Provide district patrons the opportunity to fund a share of the conservation project that is proportionate to the patron's share of the water rights involved in the allocation of conserved water and to receive a corresponding share of the conserved water;
 - (d) Provide district patrons an opportunity to petition for a vote by all district patrons on the policy pursuant to applicable statutes governing elections or recalls in the subject district; and
 - (e) Provide district patrons an opportunity to appeal a proposed district conservation project to the district board of directors for failure to follow the district's policy.

(2) The adopted policy under section (1) of this rule shall be reviewed and updated by the board of directors of the district at least once every five years and may be reviewed and updated more frequently at the discretion of the board of directors of the district. Review and update of the adopted policy must comply with the process and provisions under section (1) of this rule.

(3) This rule applies only to applications for allocations of conserved water filed by a district after November 5, 2004. This rule does not apply to applications for allocations of conserved water filed by individuals, including district patrons.

(4) For the purposes of this rule, “district” means an irrigation district organized under ORS Chapter 545 or a water control district organized under ORS Chapter 553.

690-018-0040

Application Requirements

Applicants for allocation of conserved water shall provide to the Department the information described in this rule in substantially the same order as listed. The information shall include:

- (1) The name(s) of the applicant(s), mailing address(es), email address(es) (if available), and telephone number(s);
- (2) The certificate, permit, or transfer numbers or the name of the decree, if appropriate, of each water use subject to transfer that will be modified by the proposed allocation of conserved water;
- (3) The date of priority and source of water for each water right identified in section (2) of this rule;
- (4) The amount of water that may be used under the original rights expressed as the maximum rate and annual volume (duty) of water that may be diverted as stated on the water use subject to transfer;
- (5) A description of the diversion facilities in sufficient detail for the Department to determine the capacity of the system. The description shall include:
 - (a) For a project that has not been completed, a description of the existing diversion facilities, including diversion structures, pumps, conveyance facilities, an estimate of the amount of water that can be diverted at the existing facilities stated as a rate of diversion, and application methods that will be affected by the proposed project; or
 - (b) For a project that has already been completed, a description of the diversion facilities before the conservation measure was implemented, including diversion structures, pumps, conveyance facilities, the amount of water that was diverted at the facilities stated as a rate of diversion before the conservation measure was implemented, and application methods that will be affected by the project;
- (6) A description of the proposed changes to be made in the physical system and operations that will result in the conservation of water;

- (7) The amount of water needed to meet the beneficial use currently authorized after implementation of the conservation measures described as a maximum rate and annual volume (duty) of water;
- (8) The amount of water conserved by implementing the conservation measure calculated as the amount of water identified in section (4) or section (5) whichever is less, minus the amount of water identified in section (7), expressed as a maximum rate and annual volume (duty) of water;
- (9) The proposed percentages and quantities of conserved water to be allocated to the applicant and to the state and the proposed use of any conserved water allocated to the applicant;
- (10) The applicant's choice of priority date for the conserved water, being either the same as or one minute after that of the original right;
- (11) For a project that has not been completed, the date on which the applicant intends to:
- (a) Begin construction of the conservation project;
 - (b) Complete construction and file notice of project completion pursuant to OAR 690-018-0062(1); and
 - (c) Request that the allocation be finalized pursuant to OAR 690-018-0062(3);
- (12) For a project that has already been completed:
- (a) Evidence that the measure was implemented within five years prior to the date of filing the application; and
 - (b) The date on which the applicant intends to request that the allocation be finalized pursuant to OAR 690-018-0062(3);
- (13) A description of any expected effects of the proposed allocation of conserved water on other appropriators that identifies what presently happens to the water that the applicant is proposing to conserve;
- (14) A description of any mitigation or other measures planned to avoid harm to other water rights;
- (15) A description of the intended use and boundaries of the expected area within which the diversion structures and places of use of the applicant's portion of conserved water would be located and used for beneficial out-of-stream uses;
- (16) To the extent possible, identification of the stream reach for which the state's portion of conserved water should be managed under an instream water right and any part of the applicant's portion of conserved water should be reserved instream for future out-of-stream beneficial uses or dedicated to instream use to be managed under an instream water right;
- (17) A map that meets the standards in OAR chapter 690, division 305, with sufficient detail to locate and describe the facilities and areas affected by the conservation measures;

(18) Identification of any federal or state public sources of project funds and, if federal or state public funds that are not subject to repayment will be used in the project, information showing the estimated project costs and anticipated sources of funds for the project including:

- (a) The total cost for project engineering and construction;
- (b) The present value of any incremental changes in the costs of operations and maintenance that are directly attributable to the project that would not be incurred or realized in the absence of the project;
- (c) The amount of funding and the value of any in-kind contributions for project engineering and construction and for any incremental changes in the costs of operations and maintenance to be provided from federal or state public funds that are not subject to repayment; and
- (d) The amount of funding and the value of any in-kind contributions for project engineering and construction and for any incremental change since costs of operations and maintenance to be provided from other funds;

(19) If construction of the project has begun or been completed and if more than 25 percent of the project costs have been expended before applying for allocation of conserved water, evidence that the applicant has attempted to identify and resolve the concerns of water right holders in the area, governmental entities, or other organizations who have asked to be consulted regarding the allocation of conserved water;

(20) A letter showing irrigation district or water control district approval if the conservation project is within the boundaries of the district;

(21) For applications submitted by irrigation districts or water controls districts, evidence of an adopted policy consistent with the requirements of OAR 690-018-0025;

(22) Land use information outlined in the Department's Land Use Planning Procedures Guide; and

(23) Other information the Department or Commission deems necessary and appropriate to aid in the evaluation of the application.

(24) The appropriate fee as required under ORS 536.050.

(25) The Director shall waive the application fee based on the percent of conserved water allocated to the state for instream use, not to exceed 50 percent of the application fee, if the instream allocation is:

- (a) To establish an instream water right pursuant to ORS 537.348;
- (b) Necessary to complete a project funded by the Oregon Watershed Enhancement Board under ORS 541.375; or
- (c) Determined and endorsed in writing by Oregon Department of Fish and Wildlife as a change that will result in a net benefit to fish and wildlife habitat.

690-018-0050**Processing a Conservation Application and Approval of a Conservation Project**

- (1) When the Department receives an application for allocation of conserved water, the Department shall: review the application to determine if the applicant has included the information required under OAR 690-018-0040, all fees have been paid, and if the water rights that will be modified by the proposed allocation of conserved water are water uses subject to transfer as defined in ORS 540.505(4) and OAR 690-018-0020(11).
- (2) If the Department determines that the application does not include the required information or fees, or that the water rights that will be modified by the proposed allocation of conserved water are not water uses subject to transfer, the Department shall return the application and any fees to the applicant along with a written description of the deficiencies in the application.
- (3) If the Department determines the application is complete, all fees have been paid, and the water rights that will be modified by the proposed allocation of conserved water are water uses subject to transfer, the Department shall file the application and undertake an initial review of the application to determine:
 - (a) If the proposed allocation of conserved water will result in a reduced diversion for the uses allowed under the original water rights;
 - (b) If the proposed allocation of conserved water will harm existing water rights;
 - (c) If the application is consistent with the requirements established in OAR 690-005-0045 (Standards for Goal Compliance and Compatibility with Acknowledged Comprehensive Plans);
 - (d) The quantity of conserved water needed to mitigate for harm to existing water rights and the quantity of conserved water that may be allocated;
 - (e) The new rate and duty for the existing water rights and for any out-of-stream use of the conserved water rights;
 - (f) In consultation with the Departments of Fish and Wildlife, Environmental Quality and Parks and Recreation, if conserved water is needed to support instream uses;
 - (g) The amounts of water to be allocated to the applicant and, if needed, to the state for an instream water right based on the project costs and the amount of non-reimbursable public funds to be used for the project consistent with ORS 537.470(3) and OAR 690-018-0012(1);
 - (h) The areas within which the conserved water may be used for out-of-stream purposes and the stream reaches to which the conserved water may be dedicated for instream purposes;
 - (i) The periods to be allowed for the applicant to file a notice of completion of the conservation measures and to request that the allocation be finalized pursuant to OAR 690-018-0062. The time allowed between filing the notice of completion of the conservation measures and requesting that the allocation be finalized shall not exceed five years; and

(j) Any other conditions or limitations to be included in the new water rights or tied to the use of the applicant's portion of conserved water, including but not limited to conditions or limitations to prevent or mitigate for harm to existing water rights or to prevent enlargement by the measurement, recording, and reporting to the watermaster the amount of water diverted and used under the applicant's reduced rate and duty water right certificate for the lands involved in the application and under the applicant's portion of conserved water, as applicable.

(4) Upon completion of the review outlined in section (3) of this rule, the Department shall provide by electronic means, or if requested by regular mail, a copy of the initial review to notify the applicant of its preliminary determinations, identify any outstanding information that is necessary to continue processing the application, and allow the applicant a period of at least 30 days to examine the initial review and address any issues in the initial review.

(5) Concurrent with the issuance of the initial review outlined in section (4) of this rule, the Department shall give notice of the initial review and accept written public comments for 20 days by:

(a) Publishing notice of the initial review in the Department's weekly public notice; and

(b) Except for those already provided notice of the application under subsection (a) of this section, providing notice by electronic means to any individuals, organizations, governmental agencies including Indian Tribes, local government planning departments, irrigation districts in the area, and parties that the Director determines should be notified, unless a recipient has requested notification and that the notice be sent by regular mail.

(6) After conclusion of the time specified in OAR 690-018-0050(4) for the applicant to examine the initial review and for the public comment period described in OAR 690-018-0050(5), the Department shall consider applicant feedback and written public comments. Adjustments determined necessary by the Department shall be documented and incorporated into the proposed final order under section (7) of this rule.

(7) The Department shall issue a proposed final order of the determination made under section (3) of this rule, including any adjustments deemed necessary by the Department pursuant to section (6) of this rule. Based upon the Department's determination, if the proposed final order:

(a) Recommends approval of the water conservation project under the application, then the proposed final order shall include conditions that provide for:

(A) The establishment of the dates pursuant to OAR 690-018-0050(3)(i) by which the applicant must:

(i) Complete the conservation measures under the project and file notice of the completion with the Department; and

(ii) Finalize the project and file a request for finalization with the Department;

(B) Upon issuance of an order approving completion of the project the cancellation of the original water right certificate that is to be modified by the allocation of conserved water; and

(C) Upon issuance of an order approving finalization of the project, the issuance of a certificate superseding the original certificate at the reduced rate and duty, a remaining right certificate for the lands not involved in the application, if applicable, and the allocation of the conserved water, all of which shall be contingent upon completion of the proposed project and satisfactory proof of use of the conserved water pursuant to OAR 690-018-0062;

(b) Recommends approval of the water conservation project under the application as well as completion of the project, then the proposed final order shall include conditions that provide for:

(A) The establishment of the date, not to exceed five years as set forth in OAR 690-018-0050(3)(i), by which the applicant must finalize the project and file a request for finalization with the Department;

(B) Cancellation of the original water right certificate that is to be modified by the allocation of conserved water; and

(C) Upon issuance of an order approving finalization of the project, the issuance of a certificate superseding the original certificate at the reduced rate and duty, a remaining right certificate for the lands not involved in the application, if applicable, and the allocation of the conserved water, all of which shall be contingent upon completion of the proposed project and satisfactory proof of use of the conserved water pursuant to OAR 690-018-0062; or

(c) Recommends approval of the conserved water project under the application as well as completion and finalization of the project, then the Department shall include conditions that provide for cancellation of the original water right certificate -that is to be modified by the allocation of conserved water and shall also issue the following draft certificate(s), as applicable, to supersede the original certificate and allocate the conserved water:

(A) The applicant's reduced rate and duty water right for the lands involved in the application;

(B) The remaining right for the lands not involved in the application;

(C) The state's instream water right reflecting the state's portion of the conserved water to be put instream consistent with ORS 537.470(3); and

(D) If the applicant is proposing to permanently dedicate all or a portion of their conserved water to the state, then the amount dedicated to the state may be added to (C) of this subsection consistent with ORS 537.470(3).

(8) The Department shall send the proposed final order to the applicant by registered or certified mail in accordance with ORS 183.415. The proposed final order shall include a statement of the opportunity to protest the Department's determination. The Department shall provide notice of issuance of the proposed final order by providing a copy of the proposed final order to any other person requesting notice and to each person who commented on the application for allocation of conserved water in response to the public notice under section (2) of this rule. Notice shall be provided by electronic means unless the recipient has requested that the notice be sent by regular mail.

(9) Protests, requests for party status, and contested case proceedings are governed by Or Laws 2025, ch 575 and OAR Chapter 690, Division 002. Proposed final orders shall become final if no protest is filed or by default as provided in OAR 690-002-0235. In addition to any other authority the Department may have, if a protest is properly filed, the Department may work with the applicant and the person filing the protest to determine whether the issues raised by the protest can be resolved informally.

(10) In the event of a land use dispute, as defined in OAR 690-005-0015 (Definitions), the Director shall follow resolution procedures provided in 690-005-0040 (Resolution of Land Use Disputes).

690-018-0062

Completion of Conservation Project and Testing Period

(1) If the order approving the application for allocation of conserved water allows a time period for completing the conservation measures and finalizing the allocations of conserved water prior to certification, upon notice from the applicant that the project has been completed, the Director shall issue a completion order:

(a) Canceling the original water right certificate that is modified by the allocation of conserved water.

(b) Allowing the continued use of water for the purposes and at the locations described in the original water right certificates at the reduced rate and duty prescribed under OAR 690-018-0050(7); and

(c) Allowing the use and management of the conserved water as a dedication of the water instream.

(2) Consistent with the order approving the allocation of conserved water and at the request of the applicant within the period allowed under OAR 690-018-0050(7)(a)(A)(ii) or – 0050(7)(b)(A) for finalization of the project, the Director may increase the amount of water to be used pursuant to subsection (1)(b) of this rule and decrease by a like amount the conserved water needed to mitigate for harm to existing water rights and quantity of conserved water to be allocated if the Director finds that the changes are necessary because the conservation project has not performed as expected and that the applicant's use of additional water would not be wasteful. A request for additional water submitted under this section shall include sufficient information to demonstrate that:

(a) The project is less effective than was expected when the order approving the allocation of conserved water was issued;

(b) The lack of performance is not caused by the applicant's failure to maintain the project; and

(c) The amount of water remaining for use under the original water rights is insufficient to satisfy the beneficial uses.

690-018-0065

Finalization of Conservation Project

(1) Prior to the expiration of the time allowed under OAR 690-018-0050(7)(a)(A)(ii) or -0050(7)(b)(A), the applicant may request that an allocation of conserved water be finalized. The request shall include:

(a) If all or part of the applicant's portion of the conserved water is to be used for an out-of-stream beneficial use at an identified location, the following information:

(A) The name, mailing address, email address (if available), and telephone number of the person using the water;

(B) A description of the type of beneficial use of the water;

(C) A legal description of the place of use; and

(D) A map that meets the standards in OAR Chapter 690, Division 305; and

(b) If all or part of the applicant's portion of the conserved water is to be leased, dedicated or temporarily reserved instream, a statement identifying the quantity of water to be managed as an instream water right.

(2) Upon receipt of a request that an allocation of conserved water be finalized or upon the expiration of the time allowed under OAR 690-018-0050(7)(a)(A)(ii) or -0050(7)(b)(A), the Director shall issue:

(a) A finalization order allowing, as applicable:

(A) The out-of-stream beneficial use of any portion of the conserved water allocated to the applicant, at the location and for the type of use identified pursuant to subsection (1)(a) of this rule; and

(B) The use and management as an instream water right of any portion of the conserved water allocated to the applicant that is being leased, dedicated or temporarily reserved instream;

(b) Certificate(s) to supersede the original certificate as provided for in the order approving the allocation of conserved water for:

(A) The applicant's reduced rate and duty water right for the lands involved in the application; and

(B) The remaining right for the lands not involved in the application, if applicable; and

(c) A certificate for an instream water right for the state's portion of the conserved water as pursuant to ORS 537.470(3).

(d) If the applicant is proposing to permanently dedicate all or a portion of their conserved water to the state, then the amount dedicated to the state may be added to (C) of this subsection consistent with ORS 537.470(3).

690-018-0080**Management of Conserved Water**

- (1) The Department shall manage any conserved water allocated to instream use under the rules established to implement ORS 537.332 to 537.360 pertaining to instream water rights.
- (2) A conserved water right reserved instream for future out of stream use shall be managed to carry the water through the stream reach described in the order issued pursuant to OAR 690-018-0050. Any conserved water reserved instream shall maintain its priority date and will not be subject to abandonment under ORS 540.610 to 540.670.

690-018-0090**Change in Use of Conserved Water**

- (1) Any person or agency entitled to the use of conserved water shall notify the Director of any change in the type of use, place of use or point of diversion. The notice must be submitted 60 days before the actual change and must include the information requested in OAR 690-018-0065(1)(a).
- (2) The Director shall approve a change in the type of use, place of use, or point of diversion for conserved water if:
 - (a) The proposed new use is within the area described under OAR 690-018-0050(3)(h);
 - (b) The proposed change would not constitute an expansion of the right;
 - (c) The proposed point of diversion would divert water from the same authorized source of water and would not constitute injury to another existing water right, including any instream water right granted pursuant to a request under ORS 537.336 or created pursuant to ORS 537.346(1) and held in trust by the Department; and
 - (d) The approval is consistent with OAR 690-005-0045 (Standards for Goal Compliance and Compatibility with Acknowledged Comprehensive Plans).
- (3) A change in the dispensation of the use of a conserved water right may be initiated 60 days after the notice prescribed in section (1) of this rule if the Director takes no action within that period.
- (4) When a right to the use of conserved water is sold or given to an agency or political subdivision of the state or to a person:
 - (a) The right shall become appurtenant to the premises upon which use is made;
 - (b) A certificate of water right shall be issued upon satisfactory proof of use; and
 - (c) Unless dedicated to instream use, the right shall be subject to the provisions of ORS 540.510 to 540.539, 540.572 to 540.578, and 540.610 to 540.670.
- (5) Upon approval of a change in the use or point of diversion proposed under this rule, the Director shall issue a new order to allow the new use of the conserved water.

(6) Any changes in the type of use, place of use, or point of diversion that are not provided for under this rule shall only be made after compliance with the transfer rules in OAR 690, division 380.

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