

## Summary of Potential Rule Changes

### OAR 690-018 – Allocation of Conserved Water

Rule Draft Date: 11/19/2025; Summary Date: 11/19/2025

V2 changes highlighted in yellow. See rule changes for more specific information.

\*Items in italics are intended to provide a quick grounding for RAC members and whether a rule change is implementing legislation, a rule update or clarification, a process improvement or some other substantive policy change. OWRD acknowledges that there may be different opinions as to whether an item is a substantive policy change or a rule update and encourages RAC members to review all materials. OWRD has done an initial rough cut in an attempt to assist RAC members per request at the first RAC meeting. Due to the short turnaround to fulfill this request, OWRD cannot assure accuracy.

\*\* Or Laws 2025, ch 282 = House Bill 3342 (water rights transactions); Or Laws 2025, ch 575 = House Bill 3544 (contested cases), ORS 183 = Oregon Administrative Procedures Act (APA).

690-018-0012 Allocation Formula and Process	This rule is amended to provide greater clarity and to align terminology with that proposed in OAR 690-018-0065 (Finalization of Conservation Project).
690-018-0020 Definitions	This rule is amended to provide a definition of “living certificate” to support proposed rule language in OAR 690-018-0050(5)(a)(B), -0050(b)(B), and -0050(5)(c).
690-018-0040 Application Requirements	This rule is amended to (a) require the applicant’s email address(es) if available, (b) refer to the standards in OAR Chapter 690, Division 305, which provide greater clarity and consistency in mapping requirements across water right transactions, (c) correct reference to another section of these rules, (d) correct grammatical errors, and (e) clarify the information necessary for the Department to comply with its ORS 197.180 land use compatibility obligations, including clarifying requirements when part of the conserved water will be used by the applicant for out-of-stream uses and the other part will be dedicated to an instream water right for instream purposes. The rule is amended to reflect the Director’s discretion, as provided in ORS 536.050(5), to waive the application fee. This rule is also amended to better differentiate between the state’s portion and the applicant’s portion of conserved water as it relates to management of the water instream. <i>Rule updates/clarity. OWRD process/efficiency improvements. Standardized mapping. Land use compatibility. Fee waiver statute.</i>
690-018-0050 Processing a Conservation Application	The rule is amended to (a) implement Or Laws 2025, ch 575, pertaining to new contested case, party status, and protest processes, (b) implement Or Laws 2025, ch 282, requirements relating to use of a weekly public notice instead of a newspaper notice and use of an electronic notice of receipt of an application, unless mailing is requested by the applicant, (c) clarify the public notice process, (d) align the process to be more consistent with other transfer procedures, (e) cite additional reference to the allocation formula and process, (f) provide for inclusion of conditions, cancelation of the original water right certificate, and preparation of draft certificates, as applicable, at the proposed final order stage to facilitate implementation of automatic final orders and certificate issuance after 33 days as a matter of law, provided no protests are filed, (g) clarify information the Department evaluates to comply with its ORS 197.180 obligations; (h) clarify the process when an applicant wishes to dedicate 100 percent of the conserved water to the state, and (i) provide the process for allocating the conserved water to the state when the conserved water is a result of a water conservation project involving a groundwater right. This rule is also amended to reflect the Director’s delegation to the Department for providing notice of an allocation of conserved water application, to make terminology consistent when referencing the Department, and to clarify that the

	<p>Department's ability to condition an ACW project may include, but is not limited to, requiring 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 and under the applicant's portion of conserved water to prevent harm or enlargement. The heading for this rule was also amended to more fully explain the contents of this rule. This rule is further amended to remove language in order to recognize that an applicant may not be the holder of the water right certificate involved in the ACW project, and to recognize that when the water right certificate involved in the ACW application is a living certificate for an irrigation district, instead of being canceled, the reductions are tracked and later incorporated into a superseding water right certificate when the Department determines it is necessary for record keeping purposes. This rule is also amended to remove the notice of receipt of the application and instead provide for public notice and acceptance of written public comments following issuance of the initial review.</p> <p><i>Some elements of 2025 legislation: contested case, public notice, electronic docs., automatic final order. Rule clarity. Policy to recognize groundwater consistent with current practice.</i></p>
690-018-0062 Completion of Conservation Project and Testing Period	<p>This rule is amended to (a) incorporate conforming changes into references to other sections in OAR Chapter 690, Division 18, (b) provide greater clarity for terminology used, and (c) provide more specificity related to the deadline for finalization of the conserved water project. Rule language removed from OAR 690-018-0062(3) and (4) has been readopted and amended in OAR 690-018-0065(1) and (2). This rule is also amended to recognize that when the water right certificate involved in the ACW application is a living certificate for an irrigation district, instead of being canceled, the reductions are tracked and later incorporated into a superseding water right certificate when the Department determines it is necessary for record keeping purposes.</p> <p><i>Rule clarity/updates. Rule reorganization.</i></p>
690-018-0065 Finalization of Conservation Project	<p>This rule is adopted to (a) better differentiate between the rules related to completion of the project and finalization of the project, (b) provide more specificity related to the deadline for finalization of the conserved water project, (c) request additional contact information for the applicant, (d) incorporate conforming changes into references to other sections in OAR Chapter 690, Division 18, (e) provide greater clarity for terminology used, (f) refer to the standards in OAR Chapter 690, Division 305 which provide greater clarity and consistency in mapping requirements across water right transactions, (g) clarify the process when an applicant wishes to dedicate 100 percent of the conserved water to the state, and (h) provide the process for allocating the conserved water to the state with the conserved water is a result of a water conservation project involving a groundwater right. This rule is also amended to better differentiate between the applicant's portion of conserved water and the state's portion of conserved water, and to clarify that if the water right certificate involved in the ACW application is a living certificate for an irrigation district, a new certificate to supersede the original certificate is not issued at the time of issuance of the order on finalization; instead the reductions are tracked and a superseding certificate incorporating the reductions will be issued later when the Department determines it is necessary for record keeping purposes. This rule is further amended to provide greater clarity as it relates to the process.</p> <p><i>Rule clarity. Rule reorganization. Standardized mapping. Policy to recognize groundwater consistent with current practice.</i></p>
690-018-0090 Change in Use of Conserved Water	<p>This rule is amended to a) incorporate conforming changes, update reference to other rules, and clarify the information necessary for the Department to comply with its ORS 197.180 land use compatibility obligations pertaining to approval of changes in use of conserved water, and b) include criteria that any change in point of diversion under this</p>

	rule must divert water from the same source and cannot injure other existing water rights, including instream water rights.
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*Rule clarity/efficiency: land use compatibility.*

V1= 9/18

V2=11/19=changes highlighted in yellow

## **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 November 5, 2004.

**Statutory/Other Authority:** ORS 536.025, 536.027 & 537.480

**Statutes/Other Implemented:** ORS 537.455 - 537.500

##### **History:**

WRD 7-2004, f. & cert. ef. 11-5-04

WRD 15-1994, f. & cert. ef. 12-23-94

WRD 19-1988, f. & cert. ef. 11-4-88

#### **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-completion of the project and issuance of the new certificates.

**Statutory/Other Authority:** ORS 536.025, 536.027 & 537.480

**Statutes/Other Implemented:** ORS 537.455 - 537.500

**History:**

WRD 7-2004, f. & cert. ef. 11-5-04

WRD 15-1994, f. & cert. ef. 12-23-94

**Rule Summary:** This rule is amended to provide greater clarity and to align terminology with that proposed in OAR 690-018-0065 (Finalization of Conservation Project).

**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.

**Statutory/Other Authority:** ORS 536.025, 536.027 & 537.480

**Statutes/Other Implemented:** ORS 537.455 - 537.500

**History:**

WRD 7-2004, f. & cert. ef. 11-5-04

WRD 15-1994, f. & cert. ef. 12-23-94

**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) "Living certificate" means a water right certificate for an irrigation district against which reductions and adjustments resulting from numerous water right transactions are tracked over time and later incorporated into a superseding water right certificate when the Department determines it is necessary for record keeping purposes.

(10) "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.

(11) ~~(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.

**Statutory/Other Authority:** ORS 536.025, 536.027 & 537.480

**Statutes/Other Implemented:** ORS 537.455 - 537.500

**History:**

WRD 7-2004, f. & cert. ef. 11-5-04

WRD 15-1994, f. & cert. ef. 12-23-94

WRD 12-1990, f. & cert. ef. 8-8-90

WRD 19-1988, f. & cert. ef. 11-4-88

**Rule summary:** This rule is amended to provide a definition of “living certificate” to support proposed rule language in OAR 690-018-0050(5)(a)(B), -0050(b)(B), and -0050(5)(c).

**690-018-0025**

**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.

**Statutory/Other Authority:** ORS 536.025, 536.027 & 537.480

**Statutes/Other Implemented:** ORS 537.455 - 537.500

**History:**

WRD 7-2004, f. & cert. ef. 11-5-04

**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-right 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 any-reservedations instream for future out-of-stream beneficial uses or dedicated editions of the water 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-~~00250030~~;
- (22) Land use information, as follows:
- (a) For applications proposing to use the applicant's portion of the conserved water on lands located within the identified boundaries described in section (15) of this rule:
    - (A) The Department's Land Use Information Form completed by the affected local government(s) with information sufficient to assess compatibility of any out-of-stream use of the applicant's portion of the conserved water with the acknowledged comprehensive plan Land use information outlined in the Department's Land Use Planning Procedures Guide; and
    - (B) Documentation demonstrating that, for the portion of the conserved water being dedicated to an instream water right for instream purposes, the applicant provided notice of the intent to create an instream water right under an allocation of conserved water to each affected local government along the proposed instream reach; and or
    - (b) For applications proposing to dedicate 100 percent of the conserved water to an instream water right for instream purposes, documentation demonstrating that the applicant provided notice of the intent to create an instream water right under an allocation of conserved water to each affected local government along the proposed instream reach; 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~~may 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.

**Statutory/Other Authority:** ORS 536.025, 536.027 & 537.480

**Statutes/Other Implemented:** ORS 537.455 - 537.500

**History:**

WRD 7-2004, f. & cert. ef. 11-5-04

WRD 15-1994, f. & cert. ef. 12-23-94

WRD 12-1990, f. & cert. ef. 8-8-90

WRD 3-1990, f. & cert. ef. 2-28-90

WRD 19-1988, f. & cert. ef. 11-4-88

**Rule Summary:** This rule is amended to (a) require ~~the applicant's~~ email address~~(es)~~ if available, (b) refer to the standards in OAR Chapter 690, Division 305, which provide greater clarity and consistency in mapping requirements across water right transactions, (c) correct reference to another section of these rules, (d) correct grammatical errors, and (e) clarify the information necessary for the Department to comply with its ORS 197.180 land use compatibility obligations, including clarifying requirements when part of the conserved water will be used by the applicant for out-of-stream uses and the other part will be dedicated to an instream water right for instream purposes. The rule is amended to reflect the Director's discretion, as provided in ORS 536.050(5), to waive the application fee. This rule is also amended to better differentiate between the state's portion and the applicant's portion of conserved water as it relates to management of the water instream.

**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 ~~Director~~ Department shall ~~provide public notice of the application through~~ 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) Publication in a newspaper having general circulation in the area in which the water rights addressed in the application are located, for a period of at least three weeks and not less than one publication each week for applications received by the Department prior to January 1, 2012, but for applications received after January 1, 2012, for a period of at least two weeks and not less than one publication each week; Publication notice of the application in the Department's weekly public notice; and

(b) Except for those already provided notice of the application under subsection (a) of this section, provide notice by electronic means. Concurrent with the date of the Department's weekly public notice first publication pursuant to subsection (a) of this section, provide notice by electronic means mailing to any individuals, organizations, and governmental agencies including the Indian Tribes, and local government planning departments on the Department's weekly mailing list, irrigation districts in the area, and any other parties that the Director determines should be notified, unless the recipient has requested that the notice be sent by regular mail.

(2) As provided in ORS 540.520(5), the cost of the publication in a newspaper shall be paid by the applicant in advance of publication. The applicant shall include payment for the cost of publication including the direct cost of the notice and the indirect costs which may not exceed twenty (20) percent of the direct costs.

(23) Any person may review and comment on the application for allocation of conserved water by the deadline specified in the notice. The deadline specified in the notice shall provide at least 20 days after the publication in the Department's weekly public notice date of last publication pursuant to subsection (1)(a) of this rule for the submittal of comments.

(34) The Department shall review the application and consider any comments received under section (3)(2) of this rule 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 land use associated with the proposed allocation of conserved water is consistent with the requirements established in OAR 690-005-0045 (Standards for Goal Compliance and Compatibility with allowed under the 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 ~~held by the applicant~~ 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 applicants 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 provideprepare an initial review of the determination made and shall send a copy of the initial review to the applicant by electronic means, unless the applicant has or if requested it be sent 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 Department shall provide 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 the 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 (57) of this rule.

(755) The Department shall issue a proposed final order of ~~provide notice of~~ the determination made under section (4)(3) of this rule, including any adjustments deemed necessary by the Department pursuant to section (4) 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, except if a living certificate for an irrigation district, the cancelation of the original water right certificate held by the applicant 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) Cancelation of the original water right certificate held by the applicant that is to be modified by the allocation of conserved water, except if a living certificate for an irrigation district; 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, except if a living certificate for an irrigation district, include conditions that provide for cancelation of the original water right certificate held by the applicant 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, if applicable;

(C) The state's instream water right reflecting the state's portion of the conserved water, except:

(i) When the conserved water is a result of a water conservation project involving a groundwater right certificate, then the state's portion of conserved water shall remain in the source aquifer and no instream water right shall be issued; and

(D) If the applicant is proposing to dedicate the entirety of their portion of conserved water to the state, then the applicant's portion of conserved water, pursuant to subsection (5)(c)(C) of this rule as applicable, shall either:

(i) Be added to and incorporated into the state's instream water right; or

(ii) Remain in the source aquifer and no instream water right shall be issued.

(6) The Department shall ~~serve~~ send the proposed final order ~~on~~ to the applicant by registered or certified mail. 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 to the applicant and to each person who commented on the application for allocation of conserved water in response to the public notice under section (3)(2) of this rule. Notice shall be provided by electronic means unless the recipient has requested that the notice be sent by regular mail.

(~~756~~) 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. ~~If a protest to the proposed allocation of conserved water is received by the Department within 60 days of providing the mailing of the notice of determination provided pursuant to section (5) of this rule, the Director may work with the applicant and any protestant to determine whether the issues can be resolved through mutually agreeable conditions, or by modifying the application. In addition to any other authority the Water Resources 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.~~

(~~67~~) If no protests are received or if the protests are resolved pursuant to section (6) of this rule, the Director shall issue an order consistent with the determination and including any agreed-upon conditions. An order approving an application shall provide for issuance of a certificate superseding the original certificate at the reduced rate and duty and for allocation of the conserved water, contingent upon completion of the proposed project and satisfactory proof of use of the conserved water pursuant to OAR 690-018-0062.



~~(8) If protests are received raising issues that cannot be resolved pursuant to section (6) of this rule, the Director shall present the application, all protests and a recommendation for action to the Commission for review and action.~~

~~(9) The Commission shall examine the application, the protests and the Director's recommendation. If the Commission finds the allocation of conserved water is likely to injure existing water rights or is otherwise inconsistent with these rules, the Commission may direct the Department to hold a contested case hearing on the application pursuant to ORS 183.413 and 690, divisions 1 and 2 or to resume attempts to resolve the disputed issues. If the Commission finds the allocation of conserved water is not likely to injure existing rights and is otherwise consistent with these rules, the Commission may authorize the Director to issue an order approving the application.~~

(87810) 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).

**Statutory/Other Authority:** ORS 536.025, 536.027 & 537.480

**Statutes/Other Implemented:** ORS 537.455 - 537.500, 536.045, Or Laws 2025, ch 575; Or Laws 2025, ch 282.

**History:**

WRD 1-2012, f 1-31-12, cert. ef. 2-1-12

WRD 7-2004, f. & cert. ef. 11-5-04

WRD 15-1994, f. & cert. ef. 12-23-94

WRD 5-1991, f. & cert. ef. 4-26-91

WRD 12-1990, f. & cert. ef. 8-8-90 WRD 3-1990, f. & cert. ef. 2-28-90

WRD 19-1988, f. & cert. ef. 11-4-88

**Rule Summary:** The rule is amended to (a) implement Or Laws 2025, ch 575, pertaining to new contested case, party status, and protest processes, (b) implement Or Laws 2025, ch 282, requirements relating to use of a weekly public notice instead of a newspaper notice and use of an electronic notice of receipt of an application, unless mailing is requested by the applicant, (c) clarify the public notice process, (d) align the process to be more consistent with other transfer procedures, (e) cite additional reference to the allocation formula and process, (f) provide for inclusion of conditions, cancelation of the original water right certificate, and preparation of draft certificates, as applicable, at the proposed final order stage to facilitate implementation of automatic final orders and certificate issuance after 33 days as a matter of law, provided no protests are filed, (g) clarify information the Department evaluates to comply with its ORS 197.180 obligations; (h) clarify the process when an applicant wishes to dedicate 100 percent of the conserved water to the state, and (i) provide the process for allocating the conserved water to the state when the conserved water is a result of a water conservation project involving a groundwater right. This rule is also amended to reflect the Director's delegation to the Department for providing notice of an allocation of conserved water application, to make terminology consistent when referencing the Department, and to clarify that the Department's ability to condition an ACW project may include, but is not limited to, requiring 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 and under the applicant's portion of conserved water to prevent harm or enlargement. The heading for this rule was also amended to more fully explain the contents of this rule. This rule is further amended to remove language in order to recognize that an applicant may not be the holder of the water right certificate involved in the ACW project, and to recognize that when the water right certificate involved in the ACW application is a living certificate for an irrigation district, instead of being canceled, the reductions are tracked and later incorporated into a superseding water right certificate when the Department determines it is necessary for record keeping purposes. This rule is also amended to remove the notice of receipt of the application and instead provide for public notice and acceptance of written public comments following issuance of the initial review.

## 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 ~~an~~ completion order:

(a) Canceling the original water right certificate held by the applicants that ~~are~~ is modified by the allocation of conserved water. If the original water right certificate is a living certificate for an irrigation district, the reductions shall be tracked and later incorporated into a superseding water right certificate when the Department determines it is necessary for record keeping purposes;

(b) Allowing the continued use of water for the purposes and at the locations described in the original water right certificates at the rate and duty prescribed under OAR 690-018-0050~~(4)~~(3)(e); 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 applicants within the period allowed under ~~the order under OAR 690-018-0050(4)(i) OAR 690-018-0050(5)(a)(A)(ii) or -0050(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 to be allocated pursuant to 690-018-0050~~(4)~~(3)(d) if the Director finds that the changes are necessary because the conservation project has not performed as expected and that the applicant's<sup>1</sup> 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.

~~(3) Prior to the expiration of the time allowed under OAR 690-018-0050(4)(i), the applicant may request that an allocation of conserved water be finalized. The request shall include:~~

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

~~(A) The name and address 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 690-310-0050; and~~

~~(b) If all or part of the applicants' 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.~~

~~(4) 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(4)(i), the Director shall issue:~~

~~(a) A superseding certificate as provided for in the order approving the allocation of conserved water;~~

~~(b) A certificate for an instream water right for the state's portion of the conserved water if required under OAR 690-018-0050(4)(g); and~~

~~(c) An order allowing:~~

~~(A) The use of any portion of the conserved water allocated to the applicants, at the location and for the type of use identified pursuant to subsection (3)(a) of this rule;~~

~~(B) The use and management as an instream water right of any conserved water that is being leased, dedicated or temporarily reserved instream.~~

**Statutory/Other Authority:** ORS 536.025, 536.027 & 537.480

**Statutes/Other Implemented:** ORS 537.455 - 537.500

**History:**

WRD 7-2004, f. & cert. ef. 11-5-04

WRD 15-1994, f. & cert. ef. 12-23-94

**Rule Summary:** This rule is amended to (a) incorporate conforming changes into references to other sections in OAR Chapter 690, Division 18, (b) provide greater clarity for terminology used, and (c) provide more specificity related to the deadline for finalization of the conserved water project. Rule language removed from OAR 690-018-0062(3) and (4) has been readopted and

amended in OAR 690-018-0065(1) and (2). This rule is also amended to recognize that when the water right certificate involved in the ACW application is a living certificate for an irrigation district, instead of being canceled, the reductions are tracked and later incorporated into a superseding water right certificate when the Department determines it is necessary for record keeping purposes.

## **690-018-0065**

### **Finalization of Conservation Project**

(1) Prior to the expiration of the time allowed under OAR 690-018-0050(3)(i) and OAR 690-018-0050(5)(a)(A)(ii) or -0050(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(3)(i), 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, except if a living certificate for an irrigation district, 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 required under OAR 690-018-0012(1) and OAR 690-018-0050(3)(g), except:

(A) When the conserved water is a result of a water conservation project involving a groundwater right certificate, then the state's portion of conserved water shall remain in the source aquifer and no instream water right shall be issued.

(3) If, at the time of finalization, the applicant wishes to dedicate the entirety of their portion of conserved water to the state under section (2)(c) of this rule, then the applicant's portion of conserved water, pursuant to subsection (2)(a)(A) and (B) of this rule as applicable, shall either:

(a) Be added to and incorporated into the state's instream water right; or

(b) Remain in the source aquifer and no instream water right shall be issued.

**Statutory/Other Authority:** ORS 536.025, 536.027 & 537.480

**Statutes/Other Implemented:** ORS 537.455 - 537.500

**History:**

**Rule Summary:** This rule is adopted to (a) better differentiate between the rules related to completion of the project and finalization of the project, (b) provide more specificity related to the deadline for finalization of the conserved water project, (c) request additional contact information for the applicant, (d) incorporate conforming changes into references to other sections in OAR Chapter 690, Division 18, (e) provide greater clarity for terminology used, (f) refer to the standards in OAR Chapter 690, Division 305 which provide greater clarity and consistency in mapping requirements across water right transactions, (g) clarify the process when an applicant wishes to dedicate 100 percent of the conserved water to the state, and (h) provide the process for allocating the conserved water to the state with the conserved water is a result of a water conservation project involving a groundwater right. This rule is also amended to recognize that when the water right certificate involved in the ACW application is a living certificate for an irrigation district, instead of being canceled, the reductions are tracked and later incorporated into a superseding water right certificate when the Department determines it is necessary for record keeping purposes. This rule is further amended to provide greater clarity as it relates to the process.

**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.

**Statutory/Other Authority:** ORS 536.025, 536.027 & 537.480

**Statutes/Other Implemented:** ORS 537.455 - 537.500

**History:**

WRD 19-1988, f. & cert. ef. 11-4-88

**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)0062(3)(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(4)(3)(h);

(b) The proposed change would not constitute an expansion of the right; ~~and~~

(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;

(d) The approval is ~~consistent with OAR 690-005-0045 (Standards for Goal Compliance and Compatibility with allowed under the 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.

**Statutory/Other Authority:** ORS 536.025, 536.027 & 537.480

**Statutes/Other Implemented:** ORS 537.455 - 537.500

**History:**

WRD 7-2004, f. & cert. ef. 11-5-04  
WRD 15-1994, f. & cert. ef. 12-23-94  
WRD 12-1990, f. & cert. ef. 8-8-90  
WRD 19-1988, f. & cert. ef. 11-4-88

**Rule Summary:** This rule is amended to a) incorporate conforming changes, update reference to other rules, and and clarify the information necessary for the Department to comply with its ORS 197.180 land use compatibility obligations pertaining to approval of changes in use of conserved water, and b) include criteria that any change in point of diversion under this rule must divert water from the same source and cannot injure other existing water rights, including instream water rights.