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Mr. Fethi Benjemaa
Department of Water Resources, Water Use Efficiency Branch

January 9 2012

Re: Comments on "A Methodology for Quantifying the Efficiency of Agricultural Water Use"

Dear Mr Benjemaa:

This letter is to briefly comment on the draft report that was circulated at the end of November 2011. I would like to make two points from the perspective of a resource economist who has had many years of working with California water problems. In particular, I would like to emphasize the importance of taking the economic productivity perspective on water efficiency as the dominant approach, compared with the water management efficiency measures. Two reasons support the problems of economic productivity as a basis of water allocation California.

First, the majority of water use in California in both agricultural and urban sectors is motivated by economic actions, either in the production of crops and livestock, or in the direct consumption by urban users. It follows directly from the nature of the users that the strongest influence on water use is its cost and productivity. Thus the economic productivity of water is most relevant to decisions on incremental water use in California, and is thus the most important efficiency measure.

Second, California is entering an era in which water reallocation will be increasingly used to balance supply and demand in areas and times of water scarcity. Knowledge of reliable measures of economic water efficiency will provide an information base from which water users can individually and voluntarily decide whether participation in water transfers is in their self-interest. Currently, a person contemplating water transfers is faced with making important decisions with relatively little information on the general levels of the economic value of water in their region. The publication of reliable and accepted measures of the economic productivity of water will partially close this information gap, which is a major impediment to the individual water allocation decisions needed for California's future.

Thank you for considering these points.

Best wishes

A handwritten signature in cursive script that reads "Richard Howitt".

Richard Howitt
Professor