

Veles Water Weekly Report

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May 6th 2021

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WATER FUTURES MARKET ANALYSIS

Welcome to ***WATERTALK***

by Robin Bieber

CLICK THE LINK BELOW

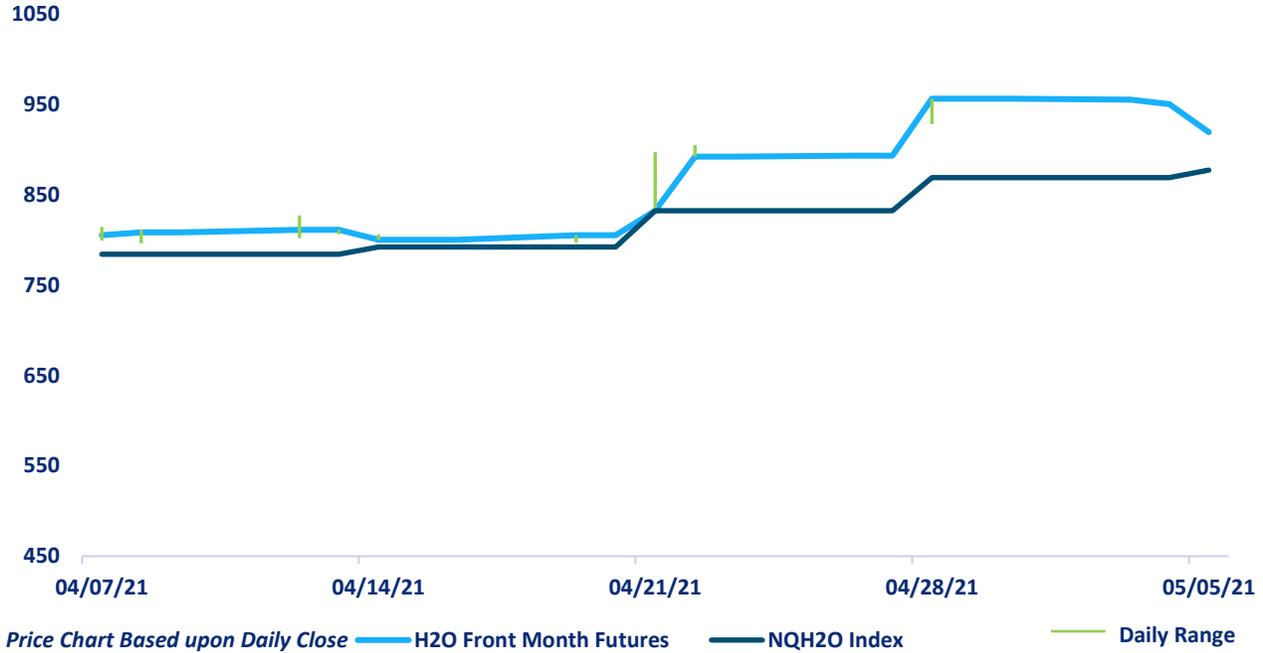
“A 2 minute technical analysis video of H2O futures by Robin Bieber.”

<https://vimeo.com/545847657/c042b2e79c>



NQH2O INDEX PRICE vs H2O FUTURES PRICE

1 Month Price Performance NQH2O Index vs H2O Futures

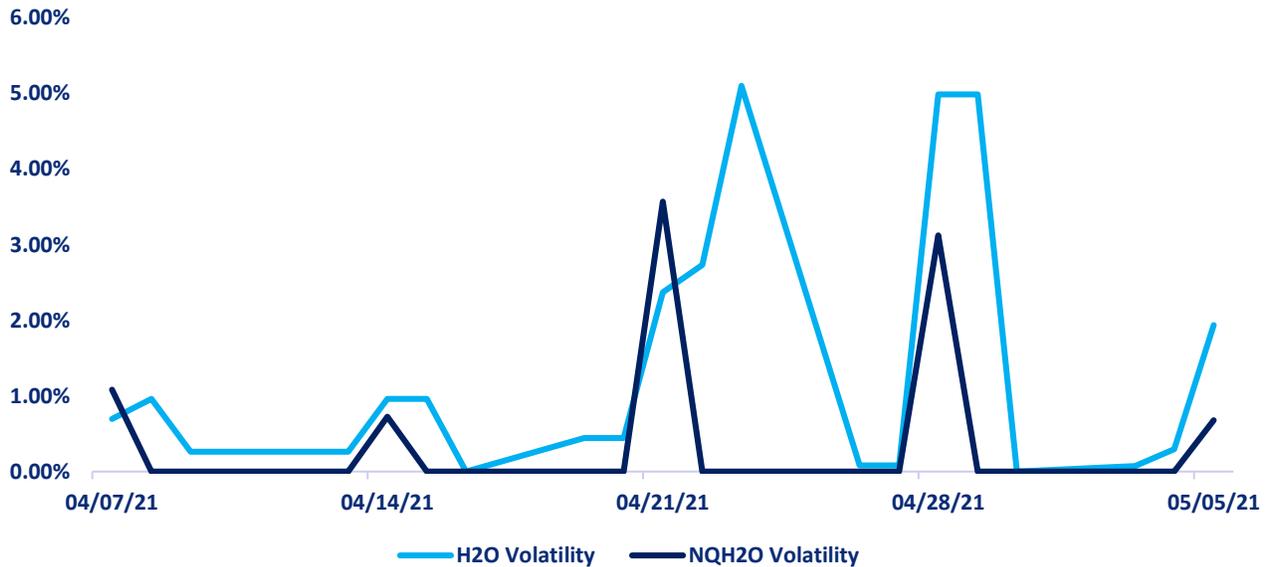


Yesterday, May 5th NQH2O printed yet another new all-time high at \$877.05 up \$8.53 or 0.96%. The May futures contract closed at low of the week yesterday at \$919 with the high of the week at \$956 on the close of both April 29th and 30th . For most of the week the futures have been trading at a premium to the index of between \$81.30- \$87.30. However yesterday the premium to the index decreased to \$41.95. A convergence between NQH2O and the futures indicates that the market believes the index may need a breather if it is to continue its uptrend. With the index surpassing its all-time high previously achieved last week the Year-to-Date increase for NQH2O is 75.5%.



H2O FUTURES AND NQH2O INDEX VOLATILITY ANALYSIS

Daily H2O Futures Volatility vs Daily NQH2O Index Volatility



ASSET	1 YEAR (%)	2 MONTH (%)	1 MONTH (%)	1 WEEK (%)
NQH2O INDEX	59.38%	26.25%	4.35%	3.455%
H2O FUTURES	N/A	32.0%	11.09%	7.68%

In the week beginning the 29th April the two month futures volatility is at a premium of 5.75% to the index up 0.35% from the previous week. The one-month futures volatility is at a premium of 6.74% to the index, up 0.45% for the week. The one-week futures volatility is at a premium of 4.23% to the index down 0.87% on the week.

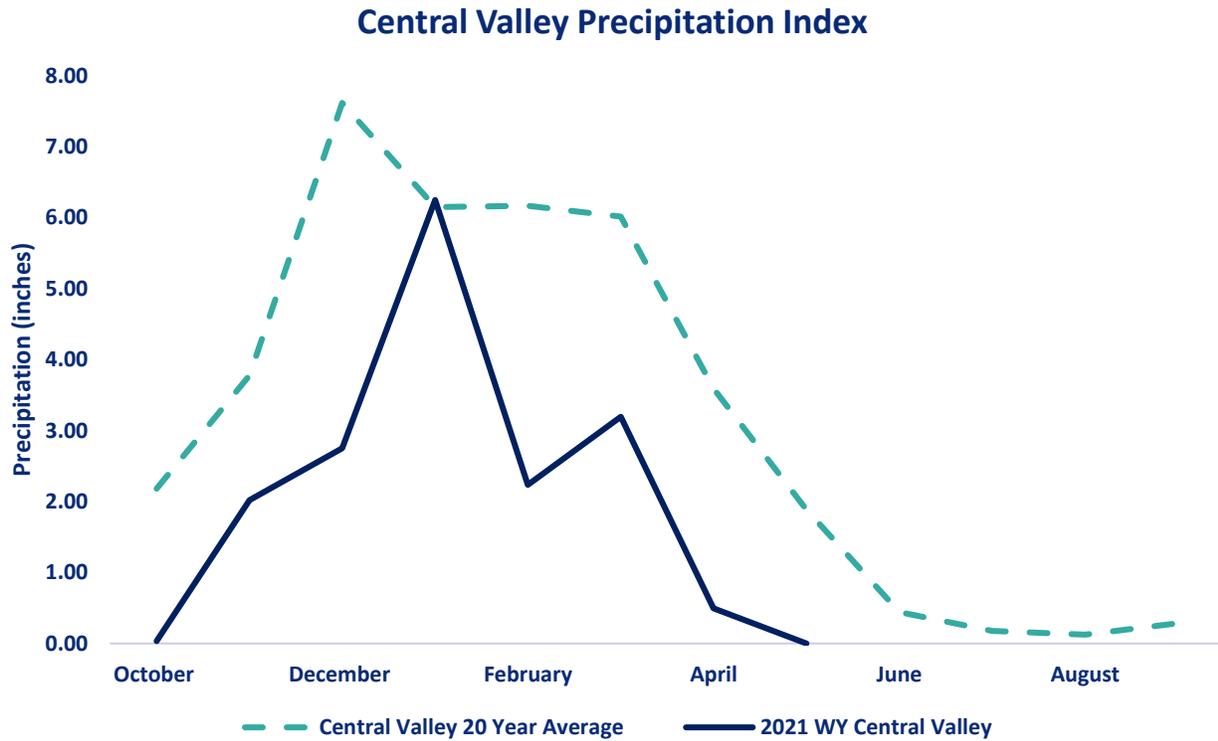
DAILY VOLATILITY

The daily volatility high for the May futures for the week was 3.90% on the 29th April with a low of 0% on the 5th May.

*Above prices are all **HISTORIC VOLATILITIES** and **IMPLIED VOLATILITIES** will be introduced once an options market has been established.*



CENTRAL VALLEY PRECIPITATION REPORT



Central Valley average is calculated using data from 19 weather stations in the Central Valley, California.
Data as of 05/06/2021

STATION	MTD (INCHES)	WEEK ON WEEK CHANGE (INCHES)	% OF 20 YEAR AVERAGE MTD	2021 WYTD VS 2020 WYTD %	2021 WY VS 20 YEAR AVERAGE TO DATE %
SAN JOAQUIN 5 STATION (5SI)	0	-0.52	0	61	49
TULARE 6 STATION (6SI)	0	-0.22	0	66	36
NORTHERN SIERRA 8 STATION (8SI)	0	-0.71	0	57	48
CENTRAL VALLEY TOTAL	0.00	-1.45	0	61	44.33

RESERVOIR STORAGE

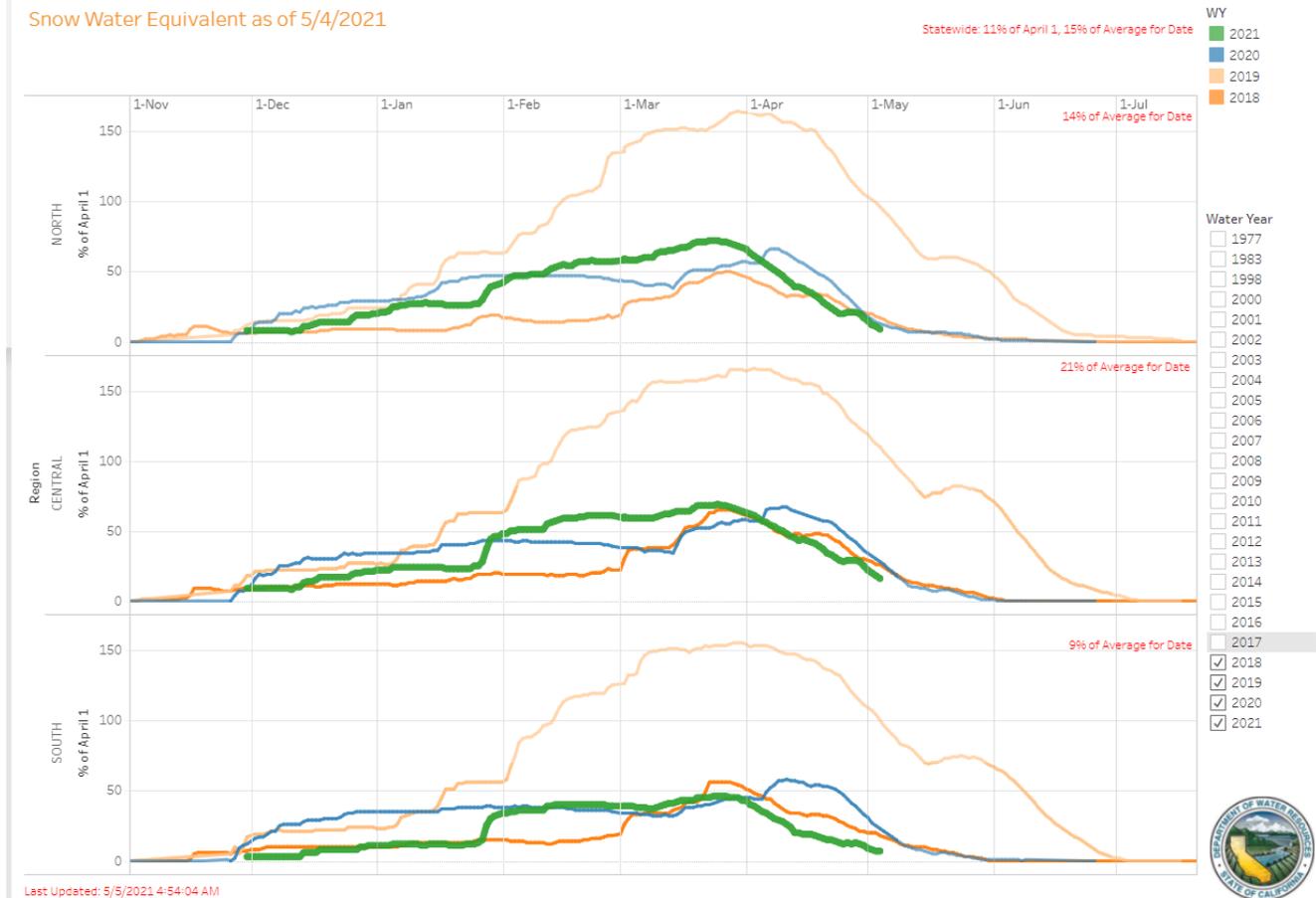
RESERVOIR	STORAGE (AF)	% CAPACITY	LAST YEAR % CAPACITY	HISTORIC ANNUAL AVERAGE CAPACITY %
TRINITY LAKE	1,307,150	53	78	64
SHASTA LAKE	2,270,516	50	81	58
LAKE OROVILLE	1,484,844	42	70	51
SAN LUIS RES	1,020,249	50	73	57



SNOWPACK WATER CONTENT

Snow Water Equivalent Dashboard

Snow Water Equivalent as of 5/4/2021



REGION	*SNOWPACK WATER EQUIVALENT (INCHES)	WEEK ON WEEK CHANGE %	% OF AVERAGE LAST YEAR	% OF 20 YEAR HISTORICAL AVERAGE	% OF HISTORICAL **APRIL 1ST BENCHMARK
NORTHERN SIERRA	6.1	-59.02	20	14	9
CENTRAL SIERRA	8.7	-45.98	37	21	16
SOUTHERN SIERRA	3	-43.33	31	9	7
STATEWIDE	6.3	-49.21	30	15	11

*Snow Water Equivalent, or SWE, is a commonly used measurement used by hydrologists and water managers to gauge the amount of liquid water contained within the snowpack. In other words, it is the amount of water that will be released from the snowpack when it melts. SWE has regional variance.

** April 1st is used as the benchmark as it when the snow pack in California is generally deepest. It has been used the benchmark date since 1941 by DWR and can be used to predict spring river flow.



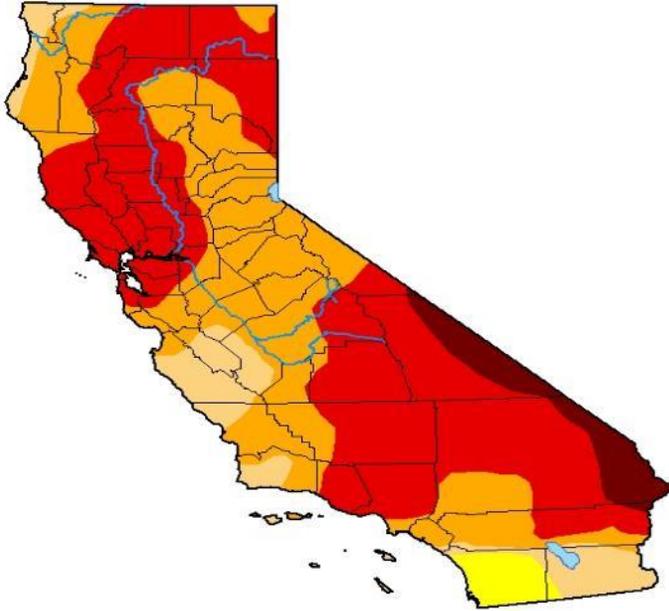
DROUGHT MONITOR

U.S. Drought Monitor California

April 27, 2021

(Released Thursday, Apr. 29, 2021)

Valid 8 a.m. EDT



Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	0.00	100.00	97.51	87.95	52.86	5.36
Last Week 04-20-2021	0.00	100.00	96.54	85.37	49.86	5.36
3 Months Ago 01-26-2021	0.00	100.00	95.20	75.74	39.46	3.86
Start of Calendar Year 12-29-2020	0.00	100.00	95.17	74.34	33.75	1.19
Start of Water Year 09-29-2020	15.35	84.65	67.65	35.62	12.74	0.00
One Year Ago 04-29-2020	41.80	58.20	41.58	19.59	4.66	0.00

Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

Author:

Richard Heim
NCEI/NOAA



droughtmonitor.unl.edu

U.S. Drought Monitor Class Change - California 1 Week



April 27, 2021
compared to
April 20, 2021



- 5 Class Degradation
- 4 Class Degradation
- 3 Class Degradation
- 2 Class Degradation
- 1 Class Degradation
- No Change
- 1 Class Improvement
- 2 Class Improvement
- 3 Class Improvement
- 4 Class Improvement
- 5 Class Improvement

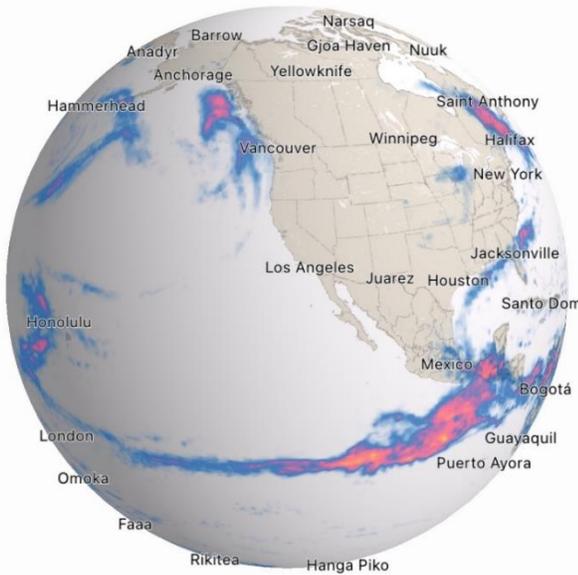
droughtmonitor.unl.edu

The U.S. Drought Monitor is jointly produced by the National Drought Mitigation Center at the University of Nebraska-Lincoln, the United States Department of Agriculture, and the National Oceanic and Atmospheric Administration. Map courtesy of NDMC.



VELES WATER WEEKLY REPORT

CURRENT SATELLITE IMAGERY



Over the last week CA has not seen any significant precipitation. High temperatures have returned to the region raising fears of an early start to the fire season. The general forecast is dry with no large weather systems looming.

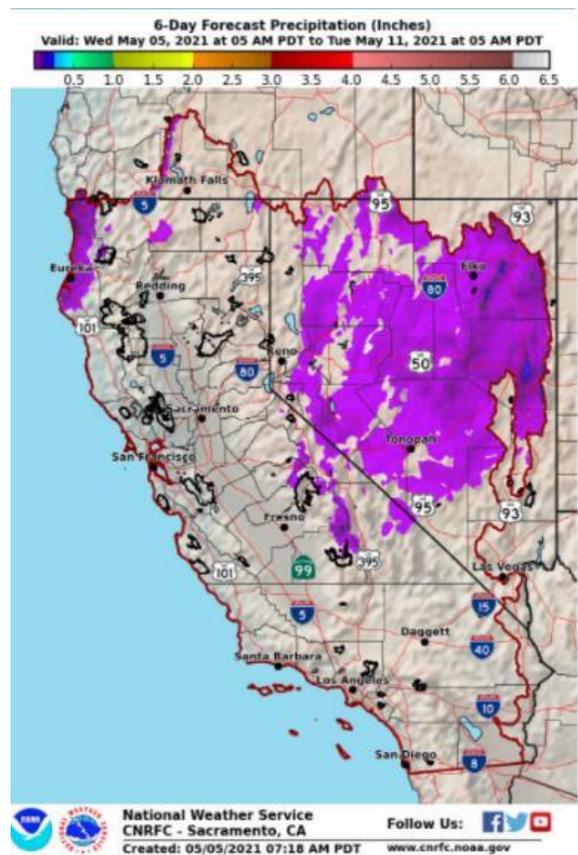
The US Drought Monitor release their statistics with a 1-week lag to this report. What can be seen from the “Drought Change Map” on the previous page is that there has been a “class 1 degradation” in drought condition along the northern coast. 100% of CA is classed as “Abnormally Dry D0-D4”. “Extreme Drought conditions D3-D4” have increased by 3%.

Ref. Dark Sky

1-10 Day Outlook

A ridge of high pressure remains over the region today as an upper level trough approaches the west coast. The ridge will bring warm temperatures (generally around 10 to 20 degrees above normal except closer to normal along the immediate coast). Dry today except isolated showers possible over the Southern Sierra in the afternoon/evening.

The trough and associated cold front that is along the Pacific NW coast will move inland on Thursday into Friday bringing light precipitation to the NW CA coast. High temperatures generally drop to around near normal on Friday.





CALIFORNIA WEATHER DISCUSSION

At the top of this week's climate news, the Department of Water Resources (DWR) cancelled last Thursday's final manual snow survey of the year at Philips Station due to lack of snowpack and above average temperatures. A spokesperson for DWR has stated that whilst drought conditions are common in the state of California, this year is worse than normal due to back to back dry winters. Statewide, snowpack sits at only 15% of its average for this time of year.

Snowmelt is vital for California's water supply as the runoff replenishes river flow, reservoir levels and groundwater. This year due to poor soil moisture a large amount of snowmelt is being lost to absorption and evaporation before it can replenish the state's reservoirs. Reservoir capacity in the state is still worryingly low, with Lake Oroville at only 42% of capacity.

With April coming to an end precipitation levels did not meet acceptable levels putting even more pressure on the water supply system. The Central Valley only saw 17% of the average rainfall expected for April.

In light of the dry winter of 2021 even more cities are issuing water restrictions. Added to the growing list, the City of Napa have declared they intend to cut water consumption by 15%. Restrictions include no water landscapes between the hours of 10am-5pm. No irrigation is to be permitted during or 48 hours after a storm with measurable rainfall.

High temperatures, persistent drought and gusty winds have led to red flag fire warnings being brought into effect in the Central Valley signaling an early start to the California's fire season.

Pressure continues to mount on Gov. Newsom to declare a statewide drought. However some experts have suggested that a statewide drought declaration could loosen environmental regulations impacting wildlife to divert water towards agriculture and urban uses.



REGULATORY NEWS

In rare showing, Valley lawmakers ramp up drought pressure on Newsom

The campaign to convince Gov. Gavin Newsom to declare a statewide drought emergency gained considerable ground on Friday as county supervisors from five Valley counties joined a bipartisan cadre of state legislators to rally the cause in Clovis on Friday.

Standing in Harlan Ranch, State Sen. Andreas Borgeas (R–Fresno) led the booming, bipartisan coalition of elected officials at the state and local level hoping to capture the initiative and serve as a tipping point to convince push Newsom to change course amid the state’s ever-worsening drought.

“While the Governor stated that he is disinclined – so far – to issue a statewide emergency the prevailing science and data demonstrate the urgency of this very moment,” Borgeas said.

“Respectfully, Mr. Governor, we need your help and we need your help now.”

The chairs of five San Joaquin Valley County boards of Supervisors announced local emergency declarations that they had either already approved or were set for approval in the next week.

Original Article: [The SJV Sun by Alex Tavlian](#)

Senate overwhelmingly approves \$35 billion bipartisan water infrastructure bill

The Senate overwhelmingly approved a \$35 billion bill to upgrade the nation's water infrastructure, signaling that it is possible for senators to reach a bipartisan consensus even as they remain divided over President Biden's \$2 trillion infrastructure proposal. The legislation, which passed by a vote of 89 to 2, now goes to the House.

The legislation was spearheaded by Democratic Senator Tom Carper and Republican Senator Shelley Moore Capito, the chair and ranking member of the Senate Environment and Public Works Committee. The bill would improve the nation's aging water and wastewater infrastructure, support programs to provide safe drinking water and set aside grant funding for poor, rural and tribal communities that have struggled with poor water quality.



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In a statement applauding the passage of the bill, Carper said that the legislation "gets to the heart of President Biden's message to our nation last night," referring to the president's address before a joint session of Congress on Wednesday, when he urged lawmakers to come together to pass a comprehensive infrastructure package.

Original Article: [CBS News by Grace Segers](#)

Federal appeals court allows Navajo Nation water supply claim against Interior Department to go forward

The US Court of Appeals for the Ninth Circuit on Wednesday revived a 2003 breach of trust claim by the Navajo Nation that would require the US government to allocate water for the tribe. Going forward, this case will look at whether the government has a fiduciary duty to ensure that the amount of water supplied to the tribe is sufficient "to fulfill the promise of establishing a Navajo Reservation as a homeland for the Nation's people."

The lawsuit was previously dismissed in 2017 by the District Court for the District of Arizona for lack of jurisdiction. Disputes over rights to the Colorado River are supposed to be reserved for the US Supreme Court according to the decision in *Arizona v. California*. The Ninth Circuit reversed the dismissal, determining that the dispute was not about rights to the river, but rather whether the US was breaching its treaty with the Navajo Nation by failing to adequately supply water for reservations in Arizona, Utah and New Mexico.

Original Article: [Jurist by Sarah Kimball Stephenson](#)

DWR Awards Prop 68 Grant Funding to Six SGMA Projects

The Department of Water Resources (DWR) is awarding funding support for six projects to address the impact of the Sustainable Groundwater Management Act (SGMA). A total of \$26 million in grant funding is being made available for the SGMA projects. The funding support comes from the Sustainable Groundwater Management Grant Program. Sixteen individual construction projects within Critically Overdrafted Basins will take place through the six grant awards.

"California's current drought conditions following a second consecutive dry year speak to the importance of managing our groundwater for long-term reliability," DWR Director Karla Nemeth said in a news release. "Today's funding awards further the state's support for local leaders as they manage their groundwater supplies, particularly supporting communities at risk of drought impacts."



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Original Article: [AG Net West by Brian German](#)

Despite no drought emergency, Calif. Senate mulls \$3.4bil plan to fight it

Thursday, California state legislators will weigh-in on a plan to spend \$3.41 billion in new spending in response to the state's worsening drought and tackling deepening issues surrounding the Golden State's water utilities.

It also raises the spectre that Sacramento is fully moving on from long-sought, major water storage project in the San Joaquin Valley in the hopes of attaining smaller victories faster.

The California Senate Budget Committee is set to review a budget plan aimed at tackling twin issues tied to the drought and coronavirus: ever-dwindling water supply and Californians' dizzying stack of unpaid water utility bills.

Original Article: [The SJV Sun by Alex Tavlian](#)

WATER NEWS

Napa prepares city water use curbs in pursuit of 15% consumption cut after dry California winter

Irrigation curbs, car washing restrictions and the shutoff of fountains may return in the city of Napa amid shrinking water supplies on the tail of a dry California winter.

Tuesday night, the City Council is scheduled to vote on a "moderate water shortage" declaration intended to cut consumption by 15%. Approval would mark the return of water-use restrictions last rolled out in the mid-2010s when a six-year drought led California to mandate across-the-board cutbacks statewide.

Napa's actions would follow mandatory cutbacks imposed Up valley by the cities of St. Helena and Calistoga.

Under the city's proposed restrictions, irrigation on consecutive days would not be allowed except for newly seeded or planted lawns and landscaping, and watering would be banned between 10 a.m. and 5 p.m. when evaporation losses are heaviest. No irrigation would be allowed during a storm with measurable rainfall or for 48 hours afterward.

Water users also would be required to avoid runoff onto streets, sidewalks, buildings and adjacent properties. Vehicles could be washed only using hoses equipped with a shutoff nozzle, and fountains would be required to be turned off unless the water is part of a recirculating system.



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Original Article: [Napa Valley Register by Howard Yune](#)

Parts of California see May red flag fire warning for first time since 2014

Dry, hot weather and strong winds have triggered a “red flag” fire warning for parts of northern California, the first time the National Weather Service has issued such a warning for the region in the month of May since 2014.

Temperatures in northern California and the Bay Area are expected to peak 15F above average on Monday and Tuesday, with 20- to 35mph wind gusts expected in some parts, prompting the NWS to warn of dangerous fire conditions in the Sacramento region. The red flag warning is expected to expire after 11am Tuesday.

Peak fire season in California usually runs from the summer through autumn. But strong winds and exceptionally warm weather this spring have created critical fire conditions in a drought-desiccated landscape that has been primed to burn.

Original Article: [The Guardian by Maanvi Sigh](#)

California Goes After Nestlé for Drawing Water

California officials have taken steps to stop Nestlé from taking millions of gallons of water from the state’s San Bernadino Forest, which the company uses to bottle and sell its Arrowhead brand water, The Guardian reports. The state is experiencing a drought. The cease and desist order still requires approval from the California Water Resources Control Board, but is a strong indicator of the continued discussion over water in the state between government, environmentalists, and corporate interests. State officials sent the company a letter about the issue.

Original Article: [One Green Planet](#)

Severe Water Cuts Are Coming for Arizona. The Rest of the Southwest Is Next.

Two months ago, researchers at Utah State University estimated that Arizona, California, and Nevada would collectively have to cut their intake of Colorado River water by 40 percent over the next three decades due to drought. At a public meeting last Thursday, the Arizona Department of Water Resources confirmed the warnings: The cutbacks are coming, and soon.

Arizona will serve as a testing ground for how seriously and how quickly the states and tribal nations in the upper and lower Colorado River basins can tackle the water crisis. This is because, as part of the deal that led to the creation of the Central Arizona Project, or CAP—the giant canal that runs from Phoenix to Tucson—Arizona agreed to be first in



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line when drought-induced water cuts were needed. And given the current status of the Lake Mead reservoir, where water levels have dipped below 40 percent capacity due to reduced snowpack upstream, those cuts will need to be in place as early as next year, according to KJZZ.

Both New Mexico and Nevada are expected to implement similar measures before long, with California potentially staring down the same fate. But Arizona will face some of the first and steepest cuts. And while it will be absolutely necessary for the people of Phoenix and the state's other major cities to keep their water use levels down, it will be equally important to provide those who entered the drought with unreliable access to clean water with a viable path to drinkable, running water—not just more water bottles and buckets. To put it another way: In crafting this massive response to what is certainly an all-hands-on-deck crisis, the responsible American government agencies and corporations must be held accountable for simultaneously cleaning up the ones they've already caused.

Original Article: [The New Republic by Nick Martin](#)

Dropping Lake Mead levels prompting further outdoor water conservation

A push to conserve outdoor water use in the valley comes as Lake Mead could possibly see water levels at their lowest point in decades, likely causing the federal government to declare a water shortage.

The shores of Lake Mead are retreating little by little, as a two-decade drought continues to evaporate more water. This year's winter mountain snow was not enough to thoroughly replenish the lake.

Much of the water from a light snowpack in the Rockies is not getting into the Colorado River and into Lake Mead, with the local areas having very significant dry soil conditions. Studies from the Bureau of Reclamation showing the lake at around 1,080 feet currently and likely to dip below 1,075 feet.

This would cause the federal government to declare a level one shortage, meaning, southern Nevada would have to cut back 7 billion gallons of water.

Original Article: [KTNV by Jeremy Chen](#)

San Diego County Water Authority Saves \$48 Million Through Bond Refinancing



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The San Diego County Water Authority announced it completed refinancing of a series of bond issues in April to save water customers \$48 million in interest payments.

The savings from refinancing the Series 2021S-1 and 2021B bonds is a result of the agency's continued strong credit ratings affirmed in March. Both issues are so-called "green bonds" to support sustainable water management and other environmental projects.

Original Article: [Time of San Diego by Chris Jennewein](#)

Despite drought, Alameda County Water District not asking customers to further cut water use

While some larger Bay Area water agencies are urging customers to cut back water use amid the state's worsening drought, Alameda County Water District officials contend their current supply is enough to keep up with demand, and aren't seeking any voluntary or mandatory water reductions.

"Keep calm, and conserve on, that's the theme this year," general manager Robert Shaver said at a recent board meeting.

While 2021's water year was another "critically dry" one, district officials said planning ahead for less rainfall combined with low water usage demands will allow the district to meet the needs of its roughly 350,000 customers without additional restrictions.

"It's a dry period, and staff is going to obviously closely monitor any new developments, but this isn't the time to start freelancing. We've planned for this, we're operating accordingly, making decisions accordingly," Shaver said at the April 13 board meeting.

Original Article: [The Mercury News by Joseph Geha](#)

California Snow Survey canceled due to dry weather conditions

The Philips Snow Survey for 2021 was canceled Friday due to dry weather conditions in California.

California is in the state's second driest two-year period on record. The only time the state saw drier conditions than the last 19 months, was in 1976 and 1977.

"On this date in 2019, when we had that great snowpack, we had 143% average," explained Chris Orrock, spokesperson for the California Department of Water Resources.

"For your snowpack today, in the second consecutive dry year, we are at 24% just in two years, that is a huge swing."



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Orrock says California's snowpack on average is 30% of the state's freshwater supply and when we have consecutive dry years, we cannot replenish reservoirs.

"So, what we are seeing is as the snowpack starts to melt off now, some of it is being absorbed into the ground where the snow is at and not making it into the streams and rivers and not making it down into reservoirs to replenish our water supply," said Orrock.

"It's staying up in the soil up there."

The use of groundwater can go up by 60% during dry years. However, Orrock says there is a limit to how much groundwater we can use before the ground begins to sink in or collapse.

Original Article: [ABC10 by Monica Coleman](#)

New fight in California water wars: How to update old system

In California's long-raging water wars, pitting north against south and farmer against city dweller, the one thing everybody agreed on Wednesday was that the outdated method of shipping water throughout the most populous state needs a serious upgrade.

A group of influential California farmers shook up the debate a day earlier, backing out of Gov. Jerry Brown's \$16 billion plan to build two massive water tunnels, re-engineering the delivery system. Westlands Water District in Fresno said it was too expensive and came with too few guarantees.

Brown's administration, however, gave no sign of giving up. Other key water districts serving vast farmland in the most productive agricultural state and millions of residents still have to weigh in, including the behemoth Metropolitan Water District of Southern California.

"I don't think a 'no' vote is the end of the story," said Metropolitan's general manager, Jeffrey Kightlinger. "We don't live in a world where we can just turn off the projects and walk away."

Kightlinger sees a path to launch the project before Brown leaves office next year. It's impossible to predict what form it will take before all the water districts have voted on whether they're in or out.

The proposed 35-mile-long (56-kilometer-long) tunnels, however, can't survive as it's drawn up now without "big players," such as Westlands, said Kightlinger, who entertains the possibility of a scaled-down project.

Original Article: [KRCRTV by Scott Smith and Ellen Knickmeyer](#)



VELES WATER WEEKLY REPORT

Arizona farmers to bear brunt of cuts from Colorado River

Arizona is prepared to lose about one-fifth of the water the state gets from the Colorado River in what could be the first federally declared shortage in the river that supplies millions of people in the U.S. West and Mexico, state officials said Thursday.

Arizona stands to lose more than any other state in the Colorado River basin that also takes in parts of Wyoming, New Mexico, Utah, Colorado, Nevada and California. That's because Arizona agreed long ago to be the first in line for cuts in exchange for federal funding for a canal system to deliver the water to Arizona's major metropolitan areas.

The Arizona Department of Water Resources and the Central Arizona Project, which manages the canal system, said the anticipated reductions will be painful, but the state has prepared for decades for a shortage through conservation, water banking, partnerships and other efforts.

"It doesn't make it any less painful. But at least we know what is coming," said Ted Cooke, general manager of the Central Arizona Project.

Farmers in central Arizona's Pinal County, who already have been fallowing land amid the ongoing drought and improving wells to pump groundwater in anticipation of the reductions, will bear the brunt of the cuts. Most farms there are family farms that are among the state's top producers of livestock, dairy, cotton, barley, wheat and alfalfa.

In Pinal County, up to 40% of farmland that relies on Colorado River water could be fallowed over the next few years, said Stefanie Smallhouse, president of the Arizona Farm Bureau Federation.

Original Article: [The Associated Press by Felicia Fonseca](#)

Drought Causing Water Competition in the Klamath Basin

California is in the second year of a drought. According to the UC Davis Center for Watershed Sciences, "Northern California has received about 48% of average historical precipitation for this time of year. This is the 3rd driest water year on record, so far. Only 1924 and 1977 were drier in precipitation over the last 101 years. At this time of year, there will probably be little more precipitation until fall. Statewide snowpack is about 30% of the average for this date. Snowmelt will only help reservoir storage a little this year, but we will be glad to get any of it."

In the Klamath Basin, farmers, indigenous tribes, and endangered species are competing for water in a situation nobody ever wanted. The Klamath Basin has faced drought



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conditions almost every year this past decade, and 2021 is on track to becoming the worst water year in at least four decades.

Original Article: [Caltrout News](#)

Klamath water diversion to farming 'unlawful'

The federal government is strictly curtailing irrigation this year in an attempt to protect endangered fish important to Indigenous tribes. Farmers say this will make it all but impossible to farm, while tribal nations say the plan doesn't go far enough to save their fisheries.

In mid-April, a farming region in southern Oregon began to release water from the Klamath River into its irrigation canals. According to the local water authority, this was a standard move to jumpstart the farming season during one of the driest seasons in recent memory. But according to the federal government, it was an illegal maneuver that could further jeopardize the survival of multiple endangered species and food sources important to Indigenous tribes and fisheries in the region.

Because of severe drought conditions in the region and low snowpack levels, the Upper Klamath Lake — a large, natural reservoir of freshwater that drains into the Klamath River — has experienced historically low inflow this year. That means there's not enough water to go around for everyone who needs it: tribes that depend on the lake to sustain culturally important species of suckerfish, commercial and tribal fisheries downstream who depend on flow from the lake to support salmon populations, and farmers and ranchers who rely on irrigation to harvest crops.

On April 14, the Bureau of Reclamation (USBR), a federal agency that oversees the Klamath irrigation project, announced that farmers would only get 33,000 acre-feet of water this year due to drought conditions — the lowest allotment in its history. The project spans from southern Oregon to northern California. For context, farmers say they need 400,000 acre-feet in drought years. That didn't stop the Klamath Drainage District (KDD) in southern Oregon — a public entity contracted to deliver water in the region — from turning on the spigot for its constituents two days later.

Original Article: [High County News by Jessica Fu](#)



Note the attachment is not an inducement to trade and Veles Water does not give advice on investments.