



## Nutrient Trading Program Agenda

July 20, 2015

9 a.m. – 4 p.m.

1. **Introductions**
2. **Roles**
3. **Ground Rules (see opening suggestions below)**
4. **Information Sources**
5. **Goals and Tenets (see opening suggestions below)**
6. **Proposed schedule of discussion (see preliminary, idealized plan below)**
7. **Meeting schedule**
8. **Nutrient Trading Workshop – Interest and Potential Logistics**

### Ground Rules for Discussion and Approval

1. We will operate according to informed consent. This requires understanding. These require patience and cooperation.
2. We must agree on common goals, language and tenets to make clear recommendations.
3. Where no common agreement occurs, we must reflect the diversity of opinion in our report to the commission.
4. All discussions will be civil and constructive.
5. We need a breadth of expertise and opinions to create the best framework possible.
6. We will allow those with the best information to inform us while respecting differences in opinion.
7. We will be transparent and welcoming.
8. We will work through the factors that will form the framework in an orderly fashion recognizing that we may have to revisit some or all of them at the end to ensure the final recommendations are both robust and supported on the basis of informed consent.
9. The facilitator accepts responsibility for ensuring that these rules are followed.
10. **Any edits to propose to this set of rules?**
11. **Any other suggested rules for guiding our discussions?**

### Basic Tenets and Goals for this Group

1. A Nutrient Water Quality Trading Program (trading program) can be an important tool to help meet water quality goals, if implemented properly.
2. Our group's basic goal is to provide a framework for a trading program to help meet water quality standards and the goals established by those who live in each watershed and to protect designated uses.
3. Any successful trading program must be both practical and protective of water quality.
4. A successful trading program will balance risks to those buying and selling credits as well as risks to water quality.
5. A successful trading program must be based on the best science available and be built to adjust to advances in understanding.

6. Any Missouri trading program must be developed and operated within a system that assures accountability and monitoring.
7. This framework for a trading program will be accepted, once approved by the Clean Water Commission, as the basis for any rules, regulations, legislation or permit conditions to be applied in Missouri.
8. Once the framework is established, the department should support one or a small number of pilot trading arrangements to test the framework, mechanisms, etc.
9. During piloting, the full package to support WQ trading will be created and brought before the necessary parties for approval.
- 10. Any edits to propose to this set of rules?**
- 11. Any other suggested rules for guiding our discussions?**

**Proposed Order and Extremely Preliminary Schedule for Considering Factors**

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| <ol style="list-style-type: none"> <li>1. Service (or trading) areas<br/>At what scale will trading occur?<br/>Where do we measure trading market success?</li> </ol>   | August    |
| <ol style="list-style-type: none"> <li>2. Point to point source and point to non-point source trading<br/>Will Missouri seek to allow both types of trading?</li> </ol>   | August    |
| <ol style="list-style-type: none"> <li>3. Baselines (how to set, not setting)<br/>How do we establish baselines for credits?<br/>Agricultural side?<br/>WWTPs?<br/>Other point sources?<br/>Eligibility? (Validation of Eligibility, etc.)</li> </ol> | August    |
| <ol style="list-style-type: none"> <li>4. Eligibility of practices (how to set, not setting)<br/>Agricultural practices?<br/>WWTPs?<br/>Other point sources?<br/>How to measure?</li> </ol>   | August    |
| <ol style="list-style-type: none"> <li>5. Time terms of trades<br/>What is the time length of trades?<br/>How does one extend trades upon expiration?<br/>When/how do we make adjustments to trade values based on more data?</li> </ol>              | August    |
| <ol style="list-style-type: none"> <li>6. Regulatory instruments<br/>What rules, regulations, and or statutes are needed?</li> </ol>  | September |
| <ol style="list-style-type: none"> <li>7. Specie(s) for trading<br/>What chemical species can be traded?<br/>What will serve as the basis for trades?</li> </ol>  | September |

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| 8. Setting Baselines<br>Recommendations   | October  |
| 9. Practices<br>Recommendations   | October  |
| 10. Trading margins<br>How to determine?  | November |
| 11. Liability<br>How to determine, assign and mitigate liability?   | November |
| 12. Extreme events and responsibilities<br>How do we apply Force Majeure?<br>Who determines when an extreme event has caused a failure of a practice?   | December |
| 13. Monitoring and enforcement<br>How do we measure and who measures?<br>What is the role of modeling and who is responsible for it?<br>Who is responsible for calibration and adjustments?<br>Who does the accounting and what tool(s) are used?<br>How do we deal with failed trades?<br>Who/what fills the major roles and responsibilities? | December |
| 14. Market structures and transaction mechanisms<br>What market structure should we use?<br>Are multiple options possible and practical for use in MO?  | December |
| 15. Trading Ratios<br>What should be the trading ration that balances risk, practicality and WQ concerns?   | January  |
| 16. Role and responsibilities review<br>How does the proposed framework operate?<br>What roles exist and who fulfills those roles?<br>Does the market structure fill the needs of the market?   | January  |
| 17. Summary and rejiggering, as needed  | February |
| 18. Adaptive Management<br>How do we change as needed?<br>Updates on practice performance?<br>How do we adapt to market changes?  | March    |