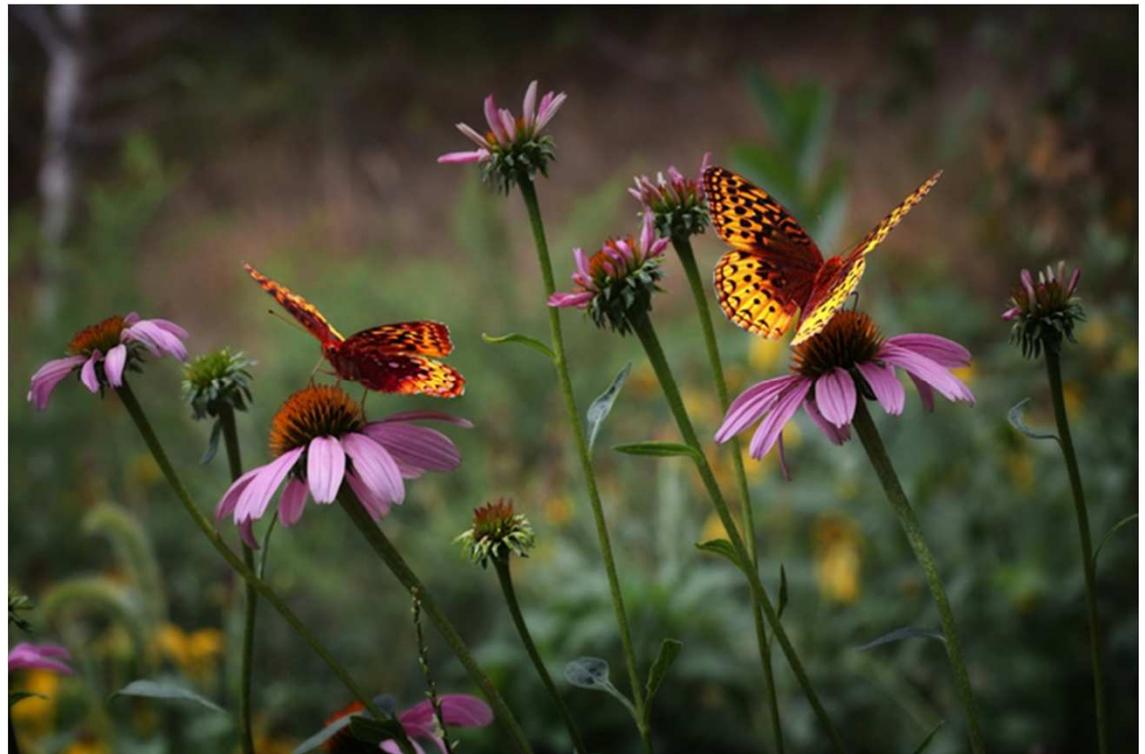


# Water Quality Trading 2/26/16

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# Today's Proposed Agenda

1. Introductions
2. Notes from January 22, 2016 Meeting
3. Trading elements
  - a. Watershed approach
  - b. Life span of credits
  - c. Attenuation options
  - d. Chemical species

## Today's Proposed Agenda - Part 2

4. Extreme Events
5. Funding the Clearinghouse and Common Infrastructure
6. Trading Ratio
7. Adaptive Management
8. Ecosystem Services
9. Overall Structure of the Program
10. Discussion of the proposed structure of the document

# Today's Proposed Agenda - Part 3

11. Draft document – Overall impressions
12. Working forward
  - a. Schedule
  - b. Tasks and assignments
  - c. Expectations
  - d. Future meetings

## 3a. Watershed Approach

Trading proposals should be based on a watershed approach tied to a water quality driver or drivers.

- a. Water quality goal (impairment or other)
- b. Measuring point helps define area's downstream extent
- c. Trading area can include all or part of watershed

## 3b. Life Span for Credits

1-year practice

Year of implementation and following year

Multi-year practice

Year of implementation plus two years

Same for “extended maintenance plan”

Square up accounting annually.



## 3c. Attenuation Options

### Attenuation options

- a. Use USGS or other recognized values
- b. Agree to a set value based on basin size and characteristics (stream sizes)
- c. Calculate project by project (using GIS and an accepted attenuation model)

## 3d. Chemical Species to be Traded

Chemical species – Limit to those with zero attenuation or known attenuation values.

**\*\*\*\*\*REVIEW LIST\*\*\*\*\***

**N (species), P, Sediment or TSS,  
Temperature, BOD, DO-related, Ammonia**

## 4. Extreme Events

- Some defined
- Practice failure rates can be incorporated into Trading Ratio as a risk factor (low rate)
- Clearinghouse and multi-year credit lifespan buffer the impact of events (one-year recovery?)
- Extreme event regulations on point sources
- What do we need to say?

## 5. Funding the Clearinghouse and Common Infrastructure

- Not SWCP funding (non-negotiable)
- Must be stable and sufficient even in the absence of abundant trading (pilot stage, early programs)
- Not directly scalable at small scale

Options?

Suggestions?

## 6. Trading Ratios

Trading ratios depend on:

- Trading area extent, stream structure and attenuation of traded pollutants (Delivery Ratio) *Variable by program*
- Practice Failure and Extreme Events *Fixed by type - PS or NPS*
- Uncertainty risk vs. “retirement” ratio vs. a Missouri Default Value

## 6. Trading Ratios (part 2)

May compound into a single number, but explanation for the basis of that number required.

May keep separate, if location or practice dependent.

## 7. Adaptive Management

- Encourage a few pilot trading programs
- Require periodic reports from/on pilot programs
- Revisit framework and procedures (roughly two years from implementation)
- NPS credit valuations reviewed with NTT
- Change practice values and policy every X years in response to a review (with grandfather clause) and incorporate changes at time of permit renewal (5 year cycle)

## 8. Ecosystem Services

No double dipping for credits under Clean Water Act (e.g. Section 404 mitigation)

Show calculations on valuations in both systems to illustrate compliance

Can claim other credits earned, as appropriate, if not Water Quality related (e. g. carbon credits)

## 9. Overall Structure of Program

- Water quality driver assures responsiveness
- High flexibility to fit local conditions
- Use of SWCP practices and tools as a NPS base with reinvestment in the watershed (low ratios, WQ benefit)
- 13 elements – mix of state-wide and local
- Potential for clearinghouse to lower costs and burden

Overall satisfaction; discomfort or need to discuss specific elements or topics



# 10. Document Structure

Goals and Use

Definitions

Common Infrastructure

Elements (elective<sup>\*\*\*</sup>, uniform)

References

Note – Procedures document is separate

# Draft Document

Initial Impressions

Concerns

What did you like?

What needs to be changed, added, etc.?

## Next meeting (March 11)

- Southern MN Sugar Beet Cooperative Trading
- Funding the Clearinghouse and Common Infrastructure
- Extreme Events
- Trading Ratios
- Text and progress toward policy statement
- Schedule and impressions

# Schedule

- March 11 – Complete and review decisions; Finish as needed; Comment on first parts of draft
- April 29 – Discuss Draft
- June – Draft out for public comment
- July – Public hearing at the CWC
- October – Vote by the CWC

## Work Plan

1. Any volunteers for these roles?
  - a. Topic leader
  - b. Writer
  - c. Dedicated editor
  - d. Sounding board

# Comments, Questions, Suggestions

Confidence in success?

What is going right?

What is your biggest concern?