

**Chesapeake Bay Program
Trading and Offsets Workgroup (TOWG) Conference Call
September 19, 2012**

<http://www.chesapeakebay.net/calendar/event/18574/>

ACTION ITEMS

MINUTES

1. Welcome and introductions

Evan Branosky (World Resources Institute; TOWG Chair) explained that local water quality was the topic of the day's call.

- Local water quality, uncertainty ratios, and verification procedures were three major trading/offsets issues that members expressed significant interest in.
- He described the purpose of the call: to provide TOWG members with more information in preparation of the EPA's technical memo on the subject.

2. Update on EPA Technical memoranda

Darrell Brown (EPA, Chesapeake Bay Program Office) updated the TOWG on the status of the technical memoranda (TM).

- As the memoranda are being finalized, EPA plans to reach out to the jurisdictions for comment first, and the TOWG as appropriate.
 - Branosky (WRI) and Brown (EPA, CBPO) will consider options how the TOWG can provide its feedback on the TM.
- Beth McGee (Chesapeake Bay Foundation) asked if there were any expected deadlines for some of the subjects.
 - Brown identified some of the TM subjects EPA hopes to finish by the end of 2012: demonstration for sector growth; trading ratios based on uncertainty; representative sampling; additionality; local water quality, and; credit calculation.

3. LWQ provision in the Code of Virginia and EPA trading and offset policies

Russ Baxter (Virginia Dept. of Environmental Quality) presented some information and perspectives based on his understanding of federal and state level policies. His presentation is available [here](#).

- Baxter explained his intent to convey his own perspectives and raise associated policy questions, rather than official policy.
- He summarized the main components of Virginia's water quality trading laws and provisions [slides 3 and 4].
- Slide 5 lists some of Baxter's perspectives that he raised for discussion.
 - He also posed some questions:
 - What's definition of "local" water quality? The receiving stream? Watershed segment? Tributary?
 - Bevin Buchheister (Chesapeake Bay Commission) asked if Baxter preferred a certain definition of "local."
 - Baxter did not; he just wanted to pose the question and commented that stream segments felt counter intuitive.

- Branosky (WRI) pointed out that Virginia and EPA essentially define local water quality impairment as a violation of local water quality standards, not necessarily any additional load to those waters.
 - What is the scale we are talking about, both in terms of scale of trading volume, and geographic scale? How does this fit into the overall program and impact on water quality.
- McGee (CBF) commented that it is clear federal and state legislation exists to protect local WQ, but she felt there is still a struggle to understand what those protections look like on the ground, i.e. what will permit writers do to include those legislated protections?

Post-meeting note: Kim Snell-Zarcone (Conservation Pennsylvania) entered the following text in the Adobe Connect chat box:

- For 2012, PA certified 3,025,789 nitrogen credits and 140,541 phosphorus credits
- For 2012 (as of the end of August), 117,951 nitrogen credits were under contract and available for trading; so far, 96,224 N credits have been traded
- For 2012 (as of the end of August), 174 phosphorus credits were under contract and available for trading; so far, 22 phosphorus credits have been traded
- In 2011 - 366,408 nitrogen credits were under contract and available for trade (282,848 credits were actually traded and utilized toward NPDES permits)
- In 2011 - 10,503 phosphorus credits were under contract and available for trade (10,253 credits were actually traded and utilized toward NPDES permits)

4. Developing WQS and evaluating the impact on them from new loads in New York

Ron Entringer (New York State Dept. of Environmental Conservation) began with a background presentation on numerical nutrient criteria (NNC) and then discussed water quality standards and the impact of new loads in New York State (NYS). The background presentation is available [here](#). His slides for water quality standards and new loads in New York are available [here](#).

- Entringer pointed out that there are some numeric nutrient criteria in the Chesapeake Bay for lakes, but none for flowing streams; NNC are needed to translate narrative standards to tradable loads.
 - Slide 10 describes the status of New York State's nutrient criteria: the State is focusing its efforts on phosphorus first; the scientific and technical basis for draft criteria and implementation plans are expected to be released in 2012.
 - Slides 11-13 summarize the National Association of Clean Water Agencies' eight recommendations (from 2011) on how to improve current approaches to nutrients.
- Chris Day (EPA) stated that EPA has done several nutrient TMDLs for small streams in Pennsylvania, and noted that Entringer's ranges for phosphorous resembled the work in those streams.
- Buchheister (Chesapeake Bay Commission) asked Entringer to clarify why the annual average of flow is not a good metric for local water quality.
 - Entringer noted that the dynamic stream flows and major flow events can impact stream health in ways that are not captured by an annual average.
- Ridge Hall asked to what extent the use of NNC is mitigated by TMDL load allocations and WIPs.

- Hall asked if NYS has TMDL load allocations that can substitute for NNC to structure trades that protect local WQS with a high degree of confidence.
 - Entringer felt that “high confidence” is a problem since no trades are on the books yet, but trades will have to adjust for different delivery ratios so there is no impact to the Chesapeake Bay.

5. Updates

- VA DCR published its Notice of Intended Regulatory Action (NOIRA) on September 10th
- Maryland has been receiving comments on its draft offset policy; drafts of the regulations are expected in early October.
- Pennsylvania continues to develop its offset policy.

6. Next steps on LWOG discussion

- Brown (EPA) felt it would be helpful for TOWG to continue its discussion with EPA on the technical memoranda.
 - Branosky (WRI) and Brown will discuss a process for the TOWG to contribute its input; Branosky will report back to the workgroup and perhaps form subcommittees or establish some structure if needed.
- Buchheister (CBC) offered to share descriptions of trading programs and compilations of their transactions that she developed for the September Commissioners’ meeting with the TOWG.
 - **Post-meeting note:** Branosky forwarded the documents to the TOWG via email on Wednesday, September 26th, along with data from Kim Snell-Zarcone on Pennsylvania’s trading program.

Meeting adjourned

Next meeting for the Trading and Offset Workgroup is scheduled for **Wednesday, October 17th from 10:00 AM to 12:00 PM**. View the event page [here](#)

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