



Nutrient Trading & the Chesapeake Bay Program

The Chesapeake Bay Program

August 2000

Nutrient Reduction and Trading

The Chesapeake Bay Program has, as one of its cornerstone restoration efforts, a goal of reducing nutrients entering the Bay by 40% from 1985 levels by the year 2000. Nutrient reduction plans, or Tributary Strategies, have and are being developed by the Bay jurisdictions which delineate how this goal will be met through actions taken by both point and non point sources. These tributary strategies primarily address how the goal will be achieved, but new strategies will be completed by the same jurisdictions in early 2001 to address how the goal, or the resulting load cap, will be maintained. A Chesapeake Bay Program Task Force of jurisdictional representatives determined in 1999 that actions could be taken beyond those in the original tributary strategies to help in holding the line on nutrient pollution. This Task Force reported that growth in load may be expected from increases in sewage flows and urban areas, as well as from agricultural expansion and intensification of animal agriculture. The Task Force also acknowledged that new, creative and innovative practices would be needed and that nutrient trading could potentially play a major role in maintaining the cap.

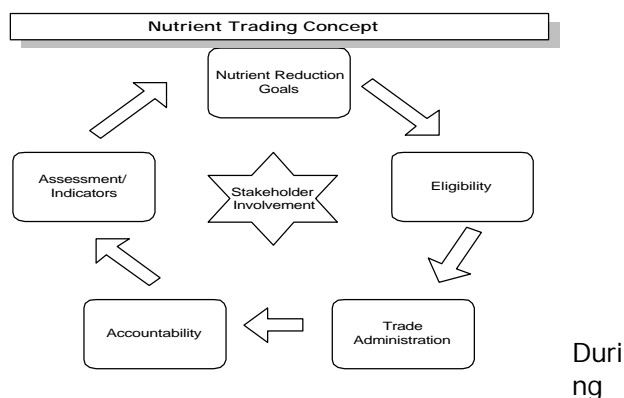
The Nutrient Trading Negotiation Team

During the Spring of 1999, the Chesapeake Bay Program organized and formed a "Negotiation Team" whose job it is to undergo a 12 - 18 month process to determine if a nutrient trading program will help to achieve and maintain the Chesapeake Bay Program's nutrient reduction goals, and if so, to develop appropriate guidelines for the Program. The intent of such guidelines would be to provide a consistent approach for the Chesapeake Bay

Agreement states to voluntarily develop, as they deem appropriate, state-specific nutrient trading programs. This Negotiation Team (or NT) consists of 38 individuals representing the following 19 stakeholder groups:

- ! U.S. EPA, Chesapeake Bay Program
- ! U.S. EPA, Region III
- ! District of Columbia
- ! State of Maryland
 - MD Dept. of the Environment
 - MD Dept. of Agriculture
- ! State of Pennsylvania
 - PA Dept. of Environmental Protection
 - PA Department of Agriculture
- ! Commonwealth of Virginia
 - VA Dept. of Environmental Quality
 - VA Dept. of Conservation & Recreation
- ! Regional Environmental Interests
- ! Local Watershed Interests
- ! Public Interest
- ! Local Government Interests
- ! Municipal Point Source Interest
- ! Industrial Point Source Interest
- ! Rural Non-point Source Interest
 - Crop Agriculture
 - Animal Agriculture
- ! Stormwater Interest
- ! Chesapeake Bay Commission

Established in June 1999, the Negotiation Team has been meeting every 5 - 6 weeks to explore nutrient trading concepts. All meetings are professionally facilitated and are open to the public. The NT has delineated 6 basic elements to a trading program. These elements, illustrated below, have formed the framework for the NT deliberations as guidelines will be developed for each component separately.



its deliberations, the NT will have access to contacts and information from other trading programs in the country, in addition to a broad base of expertise that exists on the team itself.

Guidelines Development Schedule

It is anticipated that, should trading guidelines be deemed appropriate, a draft document will be introduced to the public in August of 2000 with a series of public workshops to be held in each jurisdiction in the fall. After public review, the Negotiation Team will provide final recommendations to the Bay Program's committees eventually to be shared with the Bay Program's Executive Council (the Governors of Maryland, Virginia and Pennsylvania, the Mayor of Washington, DC, the Administrator of EPA, and the Chair of the Chesapeake Bay Commission) for consideration and adoption.

Relation to Other Trading Efforts in the Chesapeake Bay

While the Negotiation Team is working to develop a consistent approach to trading across the Bay watershed, it is recognized that there are the following parallel efforts involving trading occurring in the individual jurisdictions:

In Virginia: The Virginia Water Quality Improvement Act includes a clause which requires investigation of trading as a means to meet its goals. Virginia is developing guidelines for market-based incentives (possibly to include trading) as part of its point source nutrient reduction effort.

In Maryland: The Water Environment Research Federation (WERF) has awarded a grant to Hagler

Bailey to analyze the issues involved in developing a nutrient trading program in Maryland. In addition, the Maryland Department of Environment developed a trading concept paper in August of 1997.

In Pennsylvania: Completed in 1999, EPA sponsored a project which simulated trading programs in PA for several Bay basins for which TMDLs have been developed. The state legislature endorsed a resolution expressing interest in pursuing trading on 2/9/00.

These efforts will be complementary to, and coordinated with to the extent possible, the work of the Negotiation Team.

The Chesapeake Bay Program

The Chesapeake Bay Program is a unique regional partnership which has been directing and conducting the restoration of the Chesapeake Bay since 1983. The Chesapeake Bay Program partners include the states of MD, PA, and VA, the District of Columbia, the Chesapeake Bay Commission, a tri-state legislative body, and the Environmental Protection Agency. The Chesapeake Bay Agreement of 1987 included in it a landmark goal of reducing the amount of nutrients coming into the Bay by 40% from 1985 levels by the year 2000. Since then, the Bay jurisdictions have worked vigorously in developing programs to achieve this goal. Nutrient trading is viewed as one possible tool in attaining this goal.

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