

DRAFT work plan – Chesapeake Bay Program Trading and Offsets Workgroup
July 31, 2012

Water quality trading and offset programs are important components of efforts to restore the Chesapeake Bay and its tidal tributaries. Appendix S of the Bay TMDL establishes EPA's expectation that jurisdictions address increased and new loads through effective offset programs if Watershed Implementation Plans (WIPs) do not include allocations for growth. In addition, some jurisdictions in the Bay watershed have been evaluating and implementing trading programs to reduce costs and accelerate the pace of point and nonpoint source controls. Programs have been under development since 2003 with some intrastate and one interstate transaction occurring within them.

However, challenges must still be overcome for trading and offset transactions to realize their full potential. Jurisdictions may need to adapt existing trading programs and develop new offset programs. In doing that, additional measures may need to be taken, such as changing verification procedures, reviewing and refining ratios, vetting nutrient-reduction technologies, establishing protections for local water quality, and informing credit and offset sources (i.e., agricultural operations) of trading opportunities. Several jurisdictions are seeking guidance and assistance in completing these tasks and developing specific work plans to meet recent Assessment Reports completed by EPA.

To focus and support trading and offset efforts in Bay jurisdictions, the Chesapeake Bay Program (CBP) in 2011 formalized its Water Quality Trading Forum as a workgroup of the Water Quality Goal Implementation Team (WQGIT). The resulting Trading and Offsets Workgroup (TOWG) has three functions:¹ 1) provide a forum for discussion and information exchange among trading and offsets stakeholders; 2) evaluate and facilitate strategies to exchange loads among affected source sectors; and 3) build consensus on common approaches to some program design elements.

This work plan is intended to guide the TOWG in 2012. Meeting topics focus on timely issues relevant to trading and offset policies. However, TOWG members should propose other topics for discussion. The TOWG can elevate issues for consideration to the WQGIT,² which, in turn, can develop and elevate recommendations for action to the Chesapeake Bay Partnership, EPA, or individual jurisdictions as necessary and appropriate. In addition, the CBP may request feedback from TOWG members on technical memoranda included in its 2012 and 2013 trading and offset work plan. The TOWG activities augment efforts by EPA and jurisdictions to demonstrate reasonable assurance under the Bay TMDL; they are not meant to replace them.

¹ Chesapeake Bay Program. 2012. "Trading and Offsets Workgroup: Scope and Purpose." Available at http://www.chesapeakebay.net/groups/group/trading_and_offsets_workgroup

² For example, oyster restoration and instream treatment technologies could become major trading issues in the coming year.

March call, 3/21, 10:00-12:00

Topic: Stormwater (SW)

Presentations: Present draft workplan for consideration
SW technical coordinator activities, Tom Scheuler
Calculation framework for manure conversion, Kurt Stephenson
Trading Technology Evaluation Team (TTET) proposal, Mindy Selman

Actions: Finalize TTET proposal; submit for consideration to the WQGIT

April call, 4/18, 10:00-12:00

Topic: Stormwater

Presentations: Process for addressing state-specific trading recommendations, EPA
Post construction SW regs and offset options, Non-Bay jurisdiction
How SW regs, where applicable, achieve no load increase, Bay jurisdictions³
Update on multistate trading tool, Mindy Selman⁴

Actions: TBD

May call, 5/16, time 9:30-12:30 (IN-PERSON AT WRI)

Topic: Economics and MS4 trading

Presentations: Water quality trading economic analysis, RTI or CBC staff
CAST/MAST/VAST model, Olivia Devereux
Reporting offsets to state authorities, EPA, Bay jurisdictions

Actions: Brainstorm TOWG next steps on stormwater and trading

June call, 6/20, 10:00-12:00

Topic: Offset permanence

Presentations: CWA wetland mitigation rules (i.e., permanent easements), TBD
Permanence liability in the Virginia SW offset program, TBD
Update on multistate trading tool, Mindy Selman

³ Need to check if Tom Scheuler has looked at the performance of state stormwater programs in managing sediment, nitrogen, and phosphorus from new development.

⁴ This is a standing update on the ongoing WRI Conservation Innovation Grant project.

Actions: TBD

July call, 7/18, 10:00-12:00

Topic: Manure-to-Energy and Verification

Presentations: Calculation framework for manure conversion, Kurt Stephenson
CBP verification review, Rich Batiuk (to be confirmed)

Actions: TBD

August call, 8/15, 10:00-12:00

Topic: Conservation Innovation Grants (CIG)

Presentations: CIG goals and Bay-related awards, USDA staff
Overview of a funded project, CIG recipient
Update on multistate trading tool, Mindy Selman
Common issues in EPA trading program assessment, Bay jurisdictions

Actions: TBD

September call, 9/19, 10:00-12:00

Topic: Local water quality (LWQ)

Presentations: Jurisdiction procedures to assess impact of new loads, TBD
Trading and local water quality concerns, TBD

Actions: Gauge interest in LWQ subcommittee; if members have interest, establish and charge subcommittee with coordinating feedback from members to EPA on LWQ TM

October call, 10/17, 10:00-12:00

Topic: Trading ratio based upon uncertainty

Presentations: Review of jurisdiction uncertainty ratios,⁵ Evan Branosky
Assumptions of Bay model BMP efficiencies, TBD
Update on multistate trading tool, Mindy Selman

⁵ Presentation should explain included ratios, rationale for including them, their incidence, and use of credits generated from ratios.

Actions: Gauge interest in uncertainty ratio subcommittee; if members have interest, establish and charge subcommittee with coordinating feedback from members to EPA on uncertainty ratio TM

November call, 11/15, 10:00-12:00

Topic: Verification

Presentations: Howard County (MD) SCD TMDL inventory, Bob Ensor or Dana York
Role of verification in attracting market participants, Non-Bay jurisdiction
Summaries of current trading verification procedures, Bay jurisdictions
Update on multistate trading tool, Mindy Selman

Actions: Gauge interest in verification subcommittee; if members have interest, establish and charge subcommittee with coordinating feedback from members to EPA on verification TM

December call, 12/19, 10:00-12:00

Topic: Unique demand sources

Presentations: Interest in nutrient/sediment trading, homebuilder or developer representative
Transportation project offsets, Bay jurisdiction's DOT staff
Offsets on public lands; not including MS4s, DENREC staff?
Industrial land offsets, TBD
Offsets from natural gas well pads, TBD

Actions: TBD