



Trading and Offsets Workgroup

Conference Call

Wednesday, February 17, 2015

10:00 AM to 11:00 AM

Minutes

Welcome, Introduction and Announcements -- *David Foster, Chair*

TOWG Planning Discussion – *Pat Gleason, Coordinator*

As the CBP Partnership approaches the upcoming Midpoint Assessment and the development of Phase III Watershed Implementation Plans, the Trading and Offsets Workgroup would like focus meeting agendas on discussions that are of the greatest benefit to our members. In the past, the emphasis has been on information sharing. The workgroup discussed a number of topics that they can address in the coming year:

Discussion:

Generating and trading stormwater credits:

- Both Maryland and Virginia have current programs in the works. Maryland is working on an MS4 program and Virginia has draft stormwater regulations.
- The workgroup identified a need to focus on practicality and social components. A possible topic for a future agenda would be for each member to identify different aspects of stormwater trading that would be useful and of interest.
- Clarification of the TOWG: This workgroup primarily serves as an information exchange, although we can make recommendations and advice in the future.
- Future meeting topic: An update on local water quality protection regarding MS4s as well as point sources. The technical memoranda already out doesn't always translate well to stormwater. Regarding trading, does there need to be specific consideration of local impacts?
- Future meeting topic: What are the drivers of non-regulated sources of stormwater, and how do we motivate non-regulated sources to buy/participate.
- Future Meeting topic: Information on aggregators. 2014 EPA memo related to handling stormwater in the TMDL context should be sent to everybody.

Barriers to meeting baseline:

- Barriers within the context of the trading and offset program: Concerns that people want to use trading, but the strict baseline requirements get in the way. A lot of land is required to make reductions that can be marketed.
- Transparency requirement often scare people off.
- If someone trades off a reduction and then later the regulations change, they'll have sold off an ability to make their own reduction.
- Fear generated by potential of lawsuits
- Future meeting topic: How to incentivize private investment in these state trading programs. Jeff Corbin is involved in creating the agenda of a two day symposium in April, which would include the topic of gaining private investment in Chesapeake Bay restoration. The goal for the symposium is to create some concrete recommendations and this group may have some great input for that event.

Opportunities and barriers for interstate trading;

- Future Agenda topic: There was interest in discussing whether there is enough consistency to make interstate trading feasible.

Certification processes - are the existing programs working;

- Discussion on National Nutrient Trading Network's material's usefulness. The World Resources Institute presentation from several meetings ago is a good start.

Successful verification program elements

- Pennsylvania and Maryland have conducted verification on conventional Agriculture BMPs, but Virginia has not. The National Nutrient Trading Network's input would be a good perspective on this topic.
- Maryland is in the process of updating its policy, and they would like to benefit from the experience of Pennsylvania or Virginia. Maryland asked if PA and VA could help provide some FAQ's and responses based on past public inquiries. The Road Map (with USDA) Database has a frequently asked questions section from the public. Katie Zook (USDA) would be the contact for that information

Other potential topics:

- Discussion of Technical Memoranda and meaning
 - Future Technical Memoranda that will be coming: MS4 Stormwater TM currently in the works. In the future, possibly one on interstate trading, net improvement offsets, and one on additivity.
 - TM's are guidance and recommendations, which allow for flexibility and for states to develop their own programs.
 - They are critical to providing regulatory stability/consistency for market and participants with this guidance.
 - Jurisdictions' own trading programs were assessed in 2012. Currently looking at how jurisdictions are identifying new nutrient and sediment loads, along with tracking and accounting of those loads.

Jurisdiction Roundtable updates -- Pat Gleason

- PA: Draft regulations coming out soon. Also, there will be a reboot of the Chesapeake Bay Strategy. The link to the website will be sent to Pat Gleason so that people can see it.
- MD: Proposed regulations governing the generation of credits, etc. and had public comments close on January 27th. They received 18 submissions, and are in the process of reviewing. Previous Ag Non-point nutrient trading advisory committee was disbanded and has been replaced with Water Quality Trading Advisory Committee with 32 participants. Their objective is to provide guidance and oversight to the trading program, and their first goal is to review the new draft policy and guidance document governing credits and offset trading.

Manual:

http://www.mde.state.md.us/programs/Water/Documents/WQTAC/Maryland_Trading_Policy_and_Guidance_Manual_CBW_12016.pdf

Maryland's Blueprint for Bay Restoration

http://www.mde.state.md.us/programs/Water/TMDL/ChesapeakeBayTMDL/Pages/programs/waterprograms/tmdl/cb_tmdl/index.aspx

Also, New Bill that was introduced by MDE to use funding for the Chesapeake Bay Restoration

Fund to also be used to purchase and support credit trading in Maryland.

- VA: Updating nonpoint source registry. Very robust market. The nonpoint source credits for offsetting new stormwater and new development is a lucrative market. Proposed regulation will be reviewed by a reformed regulatory advisory council on February 26th to gain additional input, including credits regarding stream mitigation and restoration projects, and what constitutes a permanent/perpetual credit, and what the approval process will look like.
 - Bills dealing with trading in the legislature: calculation methodology approving credits outside of the Bay watershed; supervision for an expedited approval process for land conversion projects that are generating credits; expand trading program to include sediment trading projects.
 - Reissuing Watershed General Permit- public comment just closed. Incorporates the Bay TMDL for wastewater and includes load limits. This permit would include the significant dischargers in the Bay watershed of Virginia along with newer, expanding non-significant facilities that fall under that code. It would allow for water quality trading of nitrogen and phosphorus within individual river basins.

Adjourned

Next Conference Call

April 20, 2016