



## Trading and Offsets Workgroup

Conference Call

Wednesday, February 21, 2018

11:00 AM to 12 Noon

Conference Line- 202-991-0477 Code: 283-2221

Adobe Connect- <http://epawebconferencing.acms.com/towg/>

Calendar page -

[https://www.chesapeakebay.net/what/event/trading\\_and\\_offsets\\_workgroup\\_conference\\_call\\_february\\_2018](https://www.chesapeakebay.net/what/event/trading_and_offsets_workgroup_conference_call_february_2018)

11:00 AM **Welcome, Introduction and Announcements** -- *David Foster, Chair*

11:05 AM **Verify participants** – *Michelle Williams (CRC)*

11:10 AM **Presentation:** “Inter–Sector Stormwater Trading” – *Tom Schueler and David Wood,*

*Chesapeake Bay Stormwater Network*

### *Discussion:*

- Susan Payne asked if these analyses used the most recent model.
- Tom Schueler: Yes, we used the Phase 6 model and 2013 progress. That might change slightly with new inputs to the Watershed Model in the beginning of March, but this is the most accurate data to date.
- Schueler: There is a lot of rural and exurban development, that constitutes a lot of developed land that is not under a traditional regulatory entity.
- David Wood: We are asking for feedback on the proposed trading questions for this stormwater issue.
- David Foster: We need some discussion of cost effectiveness in this trading issue. That’s a key consideration for trading between buyers and sellers.
  - Schueler: The Phase 1 MS4s are spending \$3-15 million per year on their practices. A lot of their projects are constrained by density and available land. Cost of implementation tends to decrease sharply when you go from more regulated and more developed communities to less developed communities due to the amount of available land to put practices on. We have not done an extensive economic analysis yet though.
- Payne: How familiar are you with the MD Trading Association? You should look at our guidance document and rules for trading. We don’t think we’re going to need to trade in the wastewater sector for a while since our upgrades are all going in, however, we encourage intra-sector trading.
- Marya Levelev: for trading itself, we need to look at our regulations which are currently under review. When we discuss nonregulated areas, these areas don’t have MS4 permits, but they would still need permits for any development that disturbs more than 5,000 square feet. We plan to use the verification protocols that were developed for our SW program. For BMPs that treat areas that are small and don’t require permits, we are investigating the most effective ways to ensure that those small BMPs are maintained and verified. What would be an effective way to verify and make sure those projects are maintained?
  - Schueler: In most cases, a private developer is required to get a post construction or

construction permit that depends on the amount of disturbed area. They send that information to the state SW authority. There is no inspection framework at the state level to make sure that those small practices are maintained. More heavily regulated areas have that kind of inspection. The hardest BMPs to inspect and verify are the homeowner BMPs—there are a lot and they are very small. These would be voluntary practices like rain barrels, rain gardens, etc. Those BMPs need to be renewed every 3 year via field inspection or submitted photo evidence. BMPs are not forever in the real world. We have a large gap between inspection need and verification frequency. We need to make sure we are maintaining our legacy BMPs.

- Pat Gleason: There is an alternative method called a SW management offset. And there is a stormwater management offset district, a public or private entity that is authorized to manage a stormwater offset. There is some interesting work going on with that in DE.
- Levelev: We need to make sure that the project can be verified before the credit goes through so we know how long those benefits would last. This is also an important issue for the public. I'm not sure how acceptable it would be to the public to use this tool for verification.
- Allan Brockenbrough: I think we have the tools now to allow all these activities that you are asking about in VA. That's a formal trade done through our nutrient trading registry, but is also done informally within sectors. The biggest barrier is the baseline requirement under the Bay TMDL—otherwise we would have more of these kinds of trades.
- Levelev: We don't have those issues except with sellers of credits. To sell credits, entities have to first meet their baseline reductions and then they can sell excess credits.
- Foster: I was interested in the contest you have on your [website](#)—the BUBBAs (Best Urban BMP in the Bay Award).
  - Schueler: We've had 3 additions to the contest and will have another addition for 2018. We have the best urban BMPs in the Bay award (Bubba). We have a couple categories and we get between 50 and 80 projects nominated across the watershed. We have a design jury to evaluate the projects and we have voting for the overall winner, and we have a small cash award for the winner.
- Bob Rose: There might be other tools available outside the trading realm that you could consider as well. There might be some MS4s that are tied to the unregulated communities around them—same drinking water source, same sewer system, etc. When you understand the common driver behind formation of the MS4, you might be able to work out a shared goal between the MS4 jurisdiction and the surrounding unregulated community and work out some kind of collective shared approach. That would allow you to get around the formal trading market and work in a more collective way.
  - Schueler: Right, and that's why we also mentioned the idea of BMP sharing as well as trading—especially for regulated and nonregulated areas that are connected geographically or shared interests.
  - Rose: The more general form is MS4s buying nonpoint source credits, ag or urban. There might be a way to distribute that level of effort looking at what fits within that trading paradigm.
- Foster: thank you very much for your presentation and discussion today. We will make sure the TOWG has your contact information for any follow up discussion.

**Next Conference Call**

March 21, 2018

**Participants:**

David Foster, TOWG Chair  
Pat Gleason, EPA R3  
Michelle Williams, CRC  
Peter Hughes, PA DEP  
Marya Levelev, MDE  
Susan Payne, MDA  
Chris Pupke, Biophilia  
David Wood, CSN  
Kim Snell Zarcone, Choose Clean Water  
Michael Richardson,  
Tom Schueler, CSN  
Bob Rose, EPA HQ  
Allan Brockenbrough, VA DEQ  
Jenny McGarvey, Alliance for the Bay  
Ridge Hall, Chesapeake Legal Alliance  
Alex Foraste, VA DEQ  
Jeff Corbin, MDA  
Dennis King, King Associates  
Dawn Stern, Greenvest