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Chesapeake Bay Water Quality & Market Activities at USDA

Presented by Chris Hartley and Kate Zook
USDA Office of Environmental Markets
June 18th C. Bay TOWG Meeting





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Topics we'll cover:

1) USDA Overview

- Programs and Investments
- Chesapeake Bay CIG Network

2) Chesapeake Bay Environmental Markets Team

- Upcoming Workshop: Growing Market-Based Approaches in the Chesapeake Bay

3) USDA-EPA Partnership Agreement

- Water Quality Trading Roadmap



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USDA Overview



Why is USDA involved?

Prior to 2008,

- Consistent with mission and existing authorities
- Access, Relationships, and Trust
- Experience with environmental markets

In the 2008 Farm Bill, Congress instructed USDA to establish uniform guidelines for science-based methods to measure ecosystem services benefits ... and facilitate the participation of farmers, ranchers, and forest landowners in emerging ecosystem services markets.



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USDA Priorities

- Work with those setting rules and regulations to facilitate participation of farmers and rural landowners
- Demonstrate, test and finance market-based approaches
- Develop guidance and tools
- Communicate benefits
- Integrate market-based approaches into USDA programs
- Incorporate trading opportunities in 2014 Farm Bill programs



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USDA Programs & Investments



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USDA Investments in the Chesapeake Bay

- Direct support
- Demonstrations
- Analysis and Evaluation
- Metrics, Tools and References
- Infrastructure
- Coordination and Partnership



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Examples of USDA Investments

In FY2013:

- The Natural Resources Conservation Agency (NRCS) invested more than \$98 million in conservation assistance.
- Farm Service Agency (FSA) has 276,000 acres under contract; including approximately 4,000 miles of riparian forest buffers, 40,000 acres of grass filter strips, and 149,000 acres of grass plantings.
- The Rural Development Agency funded \$113 million of infrastructure projects critical to the protection of the Bay.



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More information available....

COMBINED FISCAL YEAR 2014 ACTION PLAN REPORT and FISCAL YEAR 2013 PROGRESS REPORT

**EXECUTIVE ORDER 13508 STRATEGY FOR PROTECTING AND RESTORING THE CHESAPEAKE
BAY WATERSHED**



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New Farm Bill, New Opportunities

Continued USDA Commitment to the Chesapeake Bay

Regional Conservation Partnership Program (RCPP) Example



Regional Conservation Partnership Program (RCPP)

- Administered by NRCS
- Partners propose conservation projects to improve soil health, water quality and water use efficiency, wildlife habitat, and other related natural resources on private lands
- Funding: \$1.2 billion from USDA + \$1.2 billion from partners = \$2.4 billion over five years



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Regional Conservation Partnership Program (RCPP)



35 percent of total program funding directed to critical conservation areas, chosen by the Secretary;

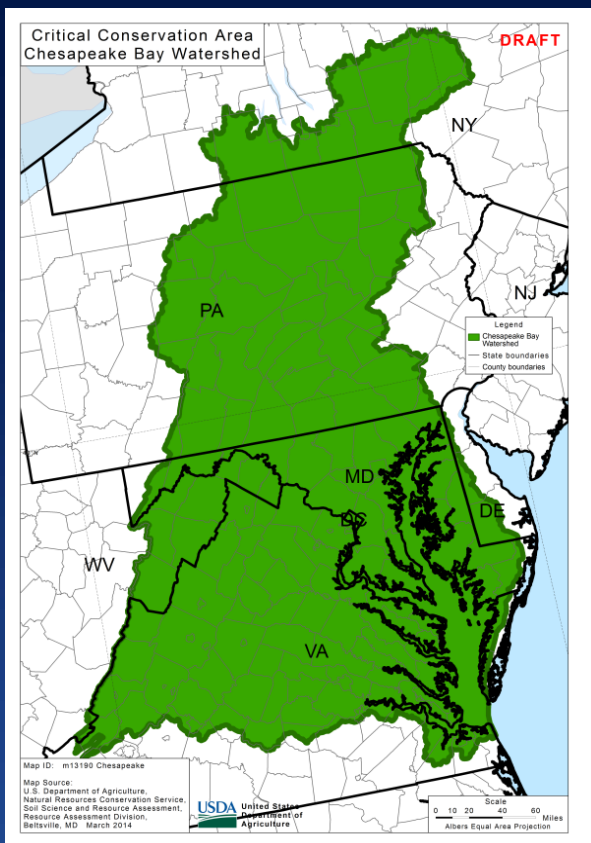


40 percent directed to regional or multi-state projects through a national competitive process; and



25 percent directed to state-level projects through a competitive process established by NRCS state leaders.

RCPP Chesapeake Bay Critical Conservation Area



Overall Goal: Reduce nitrogen, phosphorus and sediment loads coming from private lands.

Resource Concern Priorities

- **Water Quality Degradation**
Excessive sediment in surface water; excess nutrients and pesticides in surface and ground waters
- **Inadequate Habitat for Fish & Wildlife**
Habitat degradation



RCPP Timeline

- July 14, 2014 - Pre-proposal applications due
- July 28, 2014 - Notification of request for full proposals
- Sept 26, 2014 - Full proposals due

More Information:

<http://www.nrcs.usda.gov/wps/portal/nrcs/main/national/programs/farmbill/rcpp/>



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Chesapeake Bay CIG Network



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Chesapeake Bay CIG Network

Purpose: Development of robust water quality trading programs in the Chesapeake Bay Watershed

Goals: Removing barriers to market development and reducing uncertainty

Chesapeake Bay CIG Network

Participants:

- USDA CIG awardees in the Chesapeake Bay
- State Agencies
- Academics
- NGOs
- Federal Partners





Issue Papers in Development

- Understanding liability, liability transfer and risk management in WQT
- Accounting Treatment of Ecosystem Services
- Understanding of how differences in tools and rules may impact state trading efforts
- Reducing the complexity and administrative burden of trading programs



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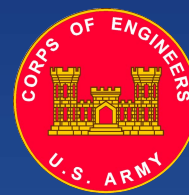
Interagency Chesapeake Bay Environmental Markets Team



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Interagency Chesapeake Bay Environmental Markets Team (EMT)

- The EMT was chartered in 2010, as directed by Executive Order 13508 by the *Strategy for Protecting and Restoring the Chesapeake Bay Watershed*.
- The EMT facilitates collaboration among federal agencies in development of the infrastructure needed for enabling environmental markets to function effectively in the Chesapeake Bay Watershed.





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Interagency Chesapeake Bay Environmental Markets Team (EMT)

Purpose:

- Facilitate environmental markets in the Bay
- Reduce risk and complexity
- Support relevant research
- Foster education, outreach & communication



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EMT Workshop: Growing Market-Based Approaches in the Chesapeake Bay

Workshop Overview

Goals:

- Coordination in the Bay Watershed
- Awareness of environmental market opportunities
- Education on market-based tools and programs
- Introduction to resources
- Understanding compliance and pre-compliance opportunities



Workshop Overview

Proposed Sessions:

- Introduction to ecosystem services and market-based approaches
- Overview of authorities
- Comparison of tools and mechanisms
- Market demand drivers
- Quantifying performance
- Crediting and stacking
- Next steps and coordination





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Workshop Overview

- Tentative date: October 29-30, 2014
- Location: Beltsville, MD
- Registration limited





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USDA-EPA Partnership Agreement



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USDA-EPA Partnership Agreement

- Coordinate and enhance communication
- Engage expertise on technical assistance programs
- Share information
- Collaborate on developing tools and resources
- Co-host a workshop on WQT tools and resources



http://www.usda.gov/oce/environmental_markets/



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USDA-EPA Partnership Agreement

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Water Quality Trading Roadmap



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Water Quality Trading Roadmap

- Provide stakeholders with a web-based information toolkit and roadmap that will assist in the design, participation, and implementation of water quality trading and offset programs





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Water Quality Trading Roadmap

Example

I am a...

Landowner/producer/credit seller

Point source emitter/credit purchaser

State employee/market administrator

Market analyst/researcher



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State employee/market administrator

I am interested in...

National Policy

Regional Policy

State and Local Resources



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State employee/market administrator

National Policy

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National Policy

Regional Policy

State and Local Resources





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State employee/market administrator

National Policy

I would like to...

Learn how the CWA applies to WQT

Learn about EPA WQT Policy

Find additional resources



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State employee/market administrator

National Policy

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National Policy

EPA WQT Policy

In 2003, U.S. EPA released its national policy framework for water quality trading, which describes conditions for allowing off-site compliance for NPDES permit effluent limits. Trades and trading programs in impaired waters for which a TMDL has been approved or established by EPA should be consistent with the assumptions and requirements upon which the TMDL is established.

I would like to...

Explore the 2003 Policy On-line

Download the 2003 Policy

Find additional resources



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Water Quality Trading Roadmap

Timeline:

- Now: Collect guidance, policies, examples
- Next: Work with contractor to build tool
- Fall/Winter: Beta test tool
- Winter /Spring: Final tool released





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Questions?

Chris Hartley
chartley@oce.usda.gov
202-690-0832

Kate Zook
kzook@oce.usda.gov
202-690-3592

