

**SUMMARY**  
**Trading and Offsets Workgroup (TOWG)**  
**Conference Call**

**Wednesday, June 18<sup>th</sup>, 2014, 10:00AM – 12:30PM**  
<http://www.chesapeakebay.net/calendar/event/21192/>

**Introductions & Updates**

- David Foster (Phoenix Initiatives; TOWG Chair) convened the call and reviewed the [agenda](#).
- Jeremy Hanson (CRC, CBPO; TOWG Staff) verified participants.

**EPA-USDA Trading Roadmap and NWQTN**

- Chris Hartley (USDA) and Kate Zook (USDA) described USDA efforts on water quality trading, Chesapeake Bay Conservation Innovation Grant (CIG) Network, and recent activities of the Chesapeake Bay Environmental Markets Team
  - View [their presentation](#) for more information.
- Hartley described how the new Farm Bill affects trading and conservation in the Chesapeake Bay. He gave an overview of the Regional Conservation Partnership Program (RCPP).
- Bevin Buchheister (Chesapeake Bay Commission): if anyone is interested in a list of potential partners for RCPP, the CBC has a list available to share. Buchheister agreed to share the list with Hanson for distribution to the TOWG.
  - Valerie Frances (USDA) noted she will be presenting to RCPP staff next week regarding environmental markets, so there is certainly potential to include environmental markets in RCPP proposals.
- Kate Zook described activities of the interagency Chesapeake Bay Environmental Markets Team and an upcoming workshop they are planning for later in 2014. She summarized the USDA-EPA Partnership agreement that was signed in November 2013 to collaborate on water quality trading. She explained the Water Quality Trading Roadmap.
- Zook and Hartley asked if TOWG members have information for the tool, they can provide it to the ([chartley@oce.usda.gov](mailto:chartley@oce.usda.gov) and [kzook@oce.usda.gov](mailto:kzook@oce.usda.gov)). They also encouraged TOWG members to contact them with questions
- John Rhoderick (MDA): EPA has been developing Technical Memoranda. Has USDA been involved with those?
  - Hartley: USDA has worked with EPA and provided substantial comments on the drafts. The application of the guidance in those memoranda is the purview of the EPA, not USDA.
  - Ridge Hall (Chesapeake Legal Alliance): Hartley mentioned 11 memos currently in draft. Also mentioned issue papers. Are those generally available?
    - Hartley: Yes. The national network efforts are being developed by NGOs and stakeholders with USDA and EPA input. They are available on our website. Meant as informational resource, not policy papers.
    - [http://www.usda.gov/oce/environmental\\_markets/water.htm](http://www.usda.gov/oce/environmental_markets/water.htm)
  - Bob Rose (EPA): EPA and USDA are not members of the network, but have been asked to comment on the memos being developed by the NGOs and stakeholders of the network.

## **Interstate water quality trading in the Ohio River Basin**

- Jessica Fox (EPRI) described the Electric Power Research Institute (EPRI) and their focus in water quality trading. The interstate trading plan currently includes three states, Ohio, Kentucky, and Indiana. She explained the Ohio River Basin Water Quality Trading Project and its program elements.
  - View [her presentation](#) for more information.
  - View the EPRI website for additional details and documentation:  
<http://wqt.epri.com/>
- Fox noted that EPRI just authored a peer-reviewed journal article recently published in Environmental Science and Technology: Arturo A. Keller, Xiaoli Chen, Jessica Fox, Matt Fulda, Rebecca Dorsey, Briana Seapy, Julia Glenday, and Erin Bray. Attenuation Coefficients for Water Quality Trading. *Environmental Science & Technology* **2014** 48 (12), 6788-6794.
- Buchheister asked for clarification on elements of the verification of the practices. Are they inspected annually if the contract is for five years? Who does the inspection, the conservation district or the agriculture agency?
  - Fox: There are random inspections, plus an annual site visit for each practice. Currently the agriculture agency acts as the 3<sup>rd</sup> party verifier. Expect we may have to contract that out in the future due to workload.
- Buchheister: edge of field monitoring
  - USDA has launched some edge of field monitoring stations...
  - Hartley: the edge of field monitoring will help inform models. The cost of this monitoring is usually too expensive for individual projects, which is why models are so important.
- Buchheister: Bay states are developing their own programs
- Michael Helfrich (Lower Susquehanna Riverkeeper): Are these trades for existing pollution or offsets to new pollution? Where are the projects located relative to the pollution source? Increased pollution from power plants are a serious concern for hot spot pollution. Are local depth, flow, algae blooms, and other environmental conditions considered?
  - Fox: Can use these credits to meet water quality aspects of NPDES permits. Can help address above and beyond the no-growth requirements. Our cap is set by QBEL in NPDES permit.

## **Stormwater Quality Trade with Virginia Farms and Highways**

- Valerie Frances (USDA, NRCS) described work that NRCS has been doing in collaboration with the Virginia Department of Transportation, the Federal Highway Transportation Administration, EPA, and others.
  - View [her slides](#) for more information
- David Foster: Question for Valerie: Are the costs/pound that you reference dollars per pound per year or one-time costs?
  - Allan: one-time costs for a permanent offset
- Rhoderick: looking at the EPA technical memorandum that came out discussing 2:1 ratios, curious how this project considered that.

- Allan Brockenbrough (VA DEQ): that's actually written into state code, that if nonpoint source credits are used to offset stormwater from new development they can be traded at 1:1.
- Russ Baxter (VA Deputy Secretary of Natural Resources for the Chesapeake Bay): the 2:1 ratio is only applicable for point-to-nonpoint source trades. This is nonpoint-to-nonpoint.
- Rose noted that the TM has language that if the offset is permanent then the ratio can be less than 2:1.
- Buchheister: in Maryland our policy is that you can't convert agriculture land to generate credit, but changing to orchard would still be okay, correct?
  - Rhoderick: that would be fine, it is just conversion to forest or something that takes it out of production completely that is not allowed.
- Frances: for Virginia, it was important for VDOT to work with an aggregator. Wasn't practical to deal with individual producers.
- Foster thanked everyone for their time and discussion.

**Adjourned**

## Participants

<u>Name</u>	<u>Affiliation</u>
David Foster (Chair)	Chester River Association
John Rhoderick (Vice-Chair)	MDA
Pat Gleason (Coordinator)	EPA Region III
Jeremy Hanson (Staff)	Chesapeake Research Consortium
Joanna Allerhand	
Russ Baxter	VA Deputy Secretary of Natural Resources for the Chesapeake Bay
Robert Boos	PENNVEST
Allen Brockenbrough	VA DEQ
Olivia Devereux	Devereux Environmental Consulting
Kelly Dubay	Tetrattech
Paul Emmart	MDE
Ron Entringer	NYDEC
Matthew Espie	
Patrick Fanning	AquaLaw
Jessica Fox	EPRI
Valerie Francis	USDA
Nicholai Francis-Lau	MDE
Kelly Gable	EPA
Ridge Hall	Chesapeake Legal Alliance, Inc.
Adam Hancock	AFB
Chris Hartley	USDA OEM
George van Houtven	RTI
Nicki Kasi	PA DEP
Jim Klang	
Marya Levelev	MDE
George Onyullo	DDOE
Rick Parrish	Southern Environmental Law Center
Susan Payne	MDA
Marel Raub	CBC
Bob Rose	EPA
Jeremy Rowland	Bion
Brian Schlauderaff	PA DEP
Megan Thyne	EPA, CBPO
Melinda Tomaino	Associated General Contractors
Sara Walker	WRI
Kate Zook	USDA OEM