

Net Improvement Offsets for New or Increased Loads

SCOPE

1. This technical memorandum can be used as a guide by the Chesapeake Bay jurisdictions but it is not a rule or regulation, is not official agency guidance, and does not establish any binding legal requirements.
2. Its purpose is to elaborate on EPA's expectations, set out in Appendix S and Section 10 of the 2010 Chesapeake Bay Total Maximum Daily Load for Nitrogen, Phosphorus and Sediment (Bay TMDL), regarding the Chesapeake Bay jurisdictions' offset and/or trading programs.
3. This technical memorandum does not recommend or establish any expectation that Chesapeake Bay jurisdictions include net improvement concepts in their offset programs, but it does provide technical information they may want to consider if doing so, elaborating on the information provided in Section 10 of the Bay TMDL.
4. This technical memorandum is applicable only in the Chesapeake Bay watershed and may be revised in the future.

Net improvement in the context of this technical memorandum is defined as an offset at a ratio greater than merely accounting for the entire new or increased load.

The concept of "net improvement" is similar to that of a "retirement ratio", the difference being that retirement ratios typically apply to all trading- and offset-related credits, not just offset credits.

If a Chesapeake Bay jurisdiction decides for itself to use net improvement offsets as a tool, such offsets could apply to new or increased point-source loads or new or increased nonpoint source loads at the discretion of the Chesapeake Bay jurisdiction.

EPA has the same expectations and assumptions for net improvement offset credits as it does for all offset and trading credits for the Bay jurisdictions as described in the Bay TMDL and technical memoranda.

For purposes of annual progress reviews and two-year milestones, Bay jurisdictions may count net improvement offset credits towards their portion of the Bay TMDL's loading reduction targets.

EPA expects that Bay jurisdictions will tell EPA which source sectors are receiving the benefit of the net improvement credits.