



United States Department of Agriculture

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





United States Department of Agriculture

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



United States Department of Agriculture

USDA Overview



United States Department of Agriculture

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.



United States Department of Agriculture

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



United States Department of Agriculture

USDA Programs & Investments



United States Department of Agriculture

USDA Investments in the Chesapeake Bay

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



United States Department of Agriculture

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.



United States Department of Agriculture

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**



United States Department of Agriculture

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

Regional Conservation Partnership Program (RCPP)



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

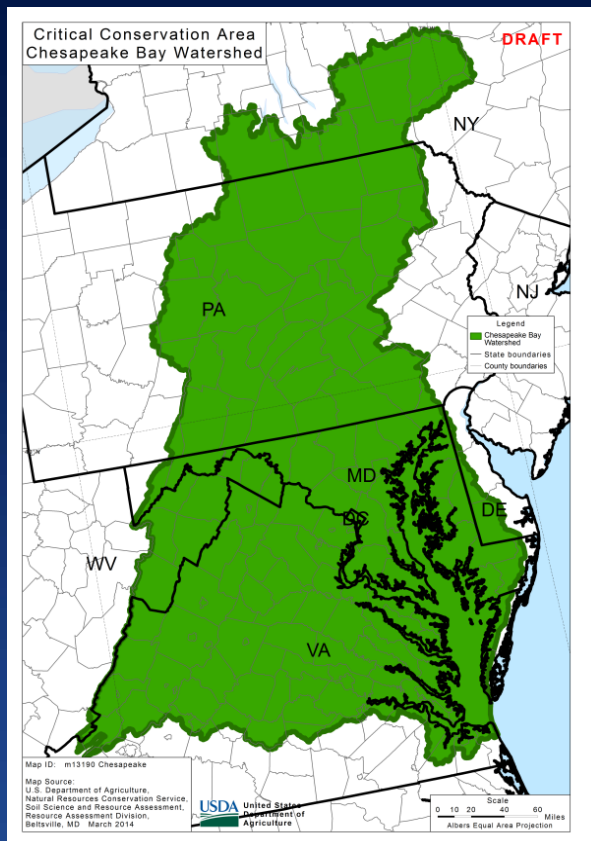


40 percent directed to regional or multi-state projects through a national competitive process; and



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/>



United States Department of Agriculture

Chesapeake Bay CIG Network



United States Department of Agriculture

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



United States Department of Agriculture

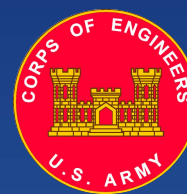
Interagency Chesapeake Bay Environmental Markets Team



United States Department of Agriculture

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.





United States Department of Agriculture

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



United States Department of Agriculture

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





United States Department of Agriculture

Workshop Overview

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





United States Department of Agriculture

USDA-EPA Partnership Agreement



United States Department of Agriculture

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/



United States Department of Agriculture

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/



United States Department of Agriculture

Water Quality Trading Roadmap

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





United States Department of Agriculture

Water Quality Trading Roadmap

Example

I am a...

Landowner/producer/credit seller

Point source emitter/credit purchaser

State employee/market administrator

Market analyst/researcher



United States Department of Agriculture

I am a...

Landowner/producer/credit seller

Point source emitter/credit purchaser

State employee/market administrator

Market analyst/researcher



United States Department of Agriculture

State employee/market administrator

I am a...

Landowner/producer/credit seller

Point source emitter/credit purchaser

State employee/market administrator

Market analyst/researcher



United States Department of Agriculture

State employee/market administrator

I am interested in...

National Policy

Regional Policy

State and Local Resources



United States Department of Agriculture

State employee/market administrator

National Policy

I am interested in...

National Policy

Regional Policy

State and Local Resources





United States Department of Agriculture

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



United States Department of Agriculture

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

State employee/market administrator

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



United States Department of Agriculture

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





United States Department of Agriculture

Questions?

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

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

