



NEIEN BMP Reporting and Nutrient Trading

Jeff Sweeney
Environmental Protection Agency
Chesapeake Bay Program Office
jsweeney@chesapeakebay.net
410-267-9844

Watershed Technical Workgroup Meeting
March 2, 2017



NEIEN BMP Reporting and Nutrient Trading

Some History

- WTWG conference call, April 7, 2016
 - Agenda Topic: Water Quality Trading in NEIEN
For the 2016 Progress model assessment and forward, NEIEN schema changes are necessary to track implementation associated with nutrient trading and offsets
 - Action: WTWG members should review the proposed trading schema for NEIEN, and provide any comments to Matt Johnston and Pat Gleason. Formal approval of the schema will be sought in May.
- WTWG Conference call, May 5, 2016
 - Agenda Topic: Comments re: Proposed NEIEN Schema Changes for Trading
Pat will review the comments submitted by MD and VA, and describe EPA's perspective given the comments received.
 - ACTION: Once the Trading and Offsets Workgroup and WQGIT leadership meet to discuss the path forward for tracking trades in NEIEN, (respective coordinators and chairs) will report back to WTWG on next steps.



NEIEN BMP Reporting and Nutrient Trading

EPA Technical Memorandum

- Trading and Offsets in the Chesapeake Bay Watershed
<https://www.epa.gov/chesapeake-bay-tmdl/trading-and-offsets-chesapeake-bay-watershed>
- To assist the Bay jurisdictions in strengthening their trading and offset programs, EPA developed a series of technical memoranda.
- The memoranda will also provide EPA, the jurisdictions with a framework for determining whether trading and offset program elements meet EPA expectations.



NEIEN BMP Reporting and Nutrient Trading

EPA Technical Memorandum

- Establishing Offset and Trading Baselines in the Chesapeake Bay Watershed, EPA Technical Memorandum, U.S. EPA Region 3 Water Protection Division, 2/2/2016, FINAL

https://www.epa.gov/sites/production/files/2016-12/documents/baseline_technical_memorandum.pdf

- TRACKING AND ACCOUNTING FOR LOAD REDUCTIONS AND CREDIT GENERATION

- When the Bay jurisdictions report their implemented BMPs for the annual progress review, EPA expects that the Bay jurisdictions will identify which of them, and any other projects and practices, were used to generate credits. This information should be reported through the NEIEN.



NEIEN BMP Reporting and Nutrient Trading

EPA Technical Memorandum

(continued)

- NEIEN is being modified beginning with the 2015 Progress Review to allow for the identification of BMPs that generate credits and the location where the resulting load reduction is applied.
- As part of the TMDL assessment process, the CBP Partnership calculates the pounds of nitrogen, phosphorus, and sediment reduction from those credit-generating projects and practices at the state-basin scale.



NEIEN BMP Reporting and Nutrient Trading

EPA Technical Memorandum

(continued)

- EPA also expects the Bay jurisdictions to sum the load reductions (i.e., pounds) used in trades and offsets by major river basin in each year for each of the three pollutants – nitrogen, phosphorus and sediment.
- This should not require additional calculations, instead merely summing already quantified pounds of credits used as reported in the state's registry/tracking system. This information will then be used as feedback within TMDL assessments.



NEIEN BMP Reporting and Nutrient Trading 2017 EPA CBPO Cooperative Agreement Guidance

- Issued 11/08/2016

<https://www.epa.gov/restoration-chesapeake-bay/chesapeake-bay-program-grant-guidance>

- Response from EPA 11/14/16 = This section has been updated. The new language reads:
 - The Bay jurisdictions' accountability and tracking systems should have the ability to differentiate BMPs according to their benefits for meeting WIP commitments or for trading.



NEIEN BMP Reporting and Nutrient Trading 2017 EPA CBPO Cooperative Agreement Guidance

- <https://www.epa.gov/restoration-chesapeake-bay/chesapeake-bay-program-grant-guidance>
 - When reporting BMPs into NEIEN, jurisdictions should categorize their BMPs as one of the following two types:
 - 1) BMPs used for generating credits for trading; or
 - 2) BMPs remaining used to meet WIP commitments including offsetting growth in pollutant loads.
 - This request is fully consistent with EPA's Establishing Offset and Trading Baselines in the Chesapeake Bay Watershed Technical Memorandum
<https://www.epa.gov/chesapeake-bay-tmdl/trading-and-offset-technical-memoranda-chesapeake-bay-watershed>



NEIEN BMP Reporting and Nutrient Trading 2017 EPA CBPO Cooperative Agreement Guidance

- <https://www.epa.gov/restoration-chesapeake-bay/chesapeake-bay-program-grant-guidance>
 - Jurisdictions should start reporting BMPs in this manner beginning with their 2017 Progress input deck submissions given NEIEN already has the ability to differentiate BMPs by these two categories.
 - EPA will be making the associated changes to NEIEN to facilitate this BMP reporting in 2017 prior to draft BMP submissions. The jurisdictions should also reference relevant technical memoranda developed by EPA on establishing offset and trading programs.



NEIEN BMP Reporting and Nutrient Trading 2017 EPA CBPO Cooperative Agreement Guidance

C.WORK PLAN

Linkage to Addressing Priority Practices, Watersheds, and Strategies

6)Priority Strategies for Trading and Offset Programs

- Developing environmental markets, particularly for nutrient credit trading, is an important supporting strategy for achieving water quality goals for the Chesapeake Bay. Nutrient credit trading has the potential to reduce the costs of achieving the nutrient and sediment load reductions expected under the Bay TMDL and to generate revenue streams for some sectors.
- EPA supports trading programs in which appropriate baselines are used, trades are verified, trading partners are accountable, and the process is open to all interested parties. A number of Bay jurisdictions already are implementing water quality trading programs.



NEIEN BMP Reporting and Nutrient Trading 2017 EPA CBPO Cooperative Agreement Guidance

C.WORK PLAN *(continued)*

6) Priority Strategies for Trading and Offset Programs

- Grant recipients may continue to use CBRAP funds to support the development and implementation of trading and offset programs as long as these programs are established and implemented in a manner consistent with the Chesapeake Bay TMDL, the Clean Water Act, and its applicable regulations.



NEIEN BMP Reporting and Nutrient Trading Trading and Offsets in the Chesapeake Bay Watershed

- www2.epa.gov/chesapeake-bay-tmdl/trading-and-offsets-chesapeake-bay-watershed
- EPA supports implementation of the Bay TMDL through water quality trading programs established and implemented in a manner consistent with the Clean Water Act, and its implementing regulations.
- Trading programs must also be consistent with EPA's 2003 Water Quality Trading Policy and the 2007 Water Quality Trading Toolkit for National Pollutant Discharge Elimination System Permit Writers.



NEIEN BMP Reporting and Nutrient Trading Trading and Offsets in the Chesapeake Bay Watershed

- www2.epa.gov/chesapeake-bay-tmdl/trading-and-offsets-chesapeake-bay-watershed
- EPA does not support any trading activity that would delay or weaken Bay TMDL implementation or that is inconsistent with the assumptions and requirements of the TMDL.
- Additionally, EPA does not support trading that would cause the combined point source and nonpoint source loadings covered by a trade to exceed the applicable TMDL loading cap.



NEIEN BMP Reporting and Nutrient Trading

Technical

- Need to be able to calculate estimated load changes associated with nutrient trading, and reference the relevant state-basin and source sector.
- BMP data needs to fit in to the NEIEN schema.
 - Anything that describes the actual BMP is already in the schema.
 - We are only adding elements that describe the trade.
- Trades can be complicated so, like NEIEN, this may take some time to get it as good as we can.