

**MINUTES**  
**Chesapeake Bay Program**  
**Trading and Offsets Workgroup (TOWG)**  
**Conference Call**

**Wednesday, March 20<sup>th</sup>, 2013**

<http://www.chesapeakebay.net/calendar/event/19157/>

**SUMMARY OF DECISIONS & ACTIONS**

**DECISION:** David Foster (Chester River Association) was accepted as the new Trading and Offsets Workgroup Chair.

**MINUTES**

**Roll Call**

- Jeremy Hanson (Chesapeake Research Consortium, Chesapeake Bay Program Office; TOWG Staff) convened the call and verified participants.

**Introductions and updates**

- John Rhoderick (MDA, TOWG Vice-Chair) quickly reviewed the morning's [agenda](#).
  - For next month's agenda, he proposed a presentation from Maryland's perspective regarding baseline and protection of local water quality.
- Jim Baird (American Farmland Trust) proposed a discussion of how the Watershed Model and trading affect farmland conservation.

**TOWG Chair Nominations by Membership**

- Pat Gleason (EPA Region 3; TOWG Coordinator) noted that David Foster was the only nominee for the Chair position. She asked workgroup members for any final nominations.
  - None were raised.
- Pat Gleason described David Foster's background.
  - For details [view his bio](#).
- Hearing no further comments or nominations, Pat Gleason motioned that the workgroup accept David Foster as the new Chair.
  - John Rhoderick seconded
  - Hearing no objections, the motion was carried.
- **DECISION:** David Foster (Chester River Association) was accepted as the new Trading and Offsets Workgroup Chair.
  - David Foster thanked the workgroup members and accepted the role.
- Glynn Rountree (National Association of Homebuilders) endorsed Mr. Foster as the new chair, commenting that Mr. Foster is an excellent choice.

## **EPA HQ update**

- Bob Rose (EPA) welcomed questions from participants. He noted USDA will have a (trading partnership workshop?) next month, and EPA was asked to attend to field questions.
- Beth McGee (CBF): It seems that some of the technical memoranda might be useful nationally, outside of Chesapeake Bay. From the HQ perspective, would the technical memoranda be applicable or useful nationally?
  - Rose: Good question. EPA is developing the memoranda specific to the Chesapeake Bay TMDL. At this point we do not see them applying elsewhere.

## **EPA Region 3 Workplan**

- Darrell Brown (EPA CBPO) explained EPA continues to develop several technical memoranda as discussed on previous conference calls. He described the status for the topics:
  - The draft memo on sector growth has been out for a few months, and is almost ready for final release.
  - Working on Local Water Quality internally. Hope to have ready for jurisdiction review soon.
  - Representative sampling: Working with HQ offices on some key issues regarding...
  - Trading ratios for uncertainty and credit calculation: working on some changes in response to comments from Counsel. Will be out in second quarter of the calendar year.
  - Baseline: Continuing work with Maryland and Pennsylvania, and will incorporate these examples into the memoranda.
  - Additionality: Internally discussing whether a separate memorandum is needed for this subject or not.
  - Verification and Credit Permanence: Working on internal drafts.
  - Construction and offsite mitigation: Expected for release in third quarter of the year.
  - Net improvement offsets and interstate trading: On hold at this time.
- Andra Popa (EPA) mentioned the proposed schedule for the memoranda is available on EPA's website:
  - Find the schedule under the "Bay Trading and Offsets Activities" tab at this URL: <http://www.epa.gov/reg3wapd/tmdl/ChesapeakeBay/EnsuringResults.html?tab2=7>
  - Alternatively, follow [this link to view the current schedule \(PDF\)](#)
- Beth McGee asked for clarification on the construction and offsite mitigation memo.
  - Darrell Brown explained the full topic of the memo is "MS4 and Construction Offsite Mitigation." At this point it is expected to cover mitigation for both construction and post-construction stormwater.
- Dan Baldwin (MD Dept. of Planning): Any idea when the interstate trading topic will be picked back up?
  - Brown: Not sure right now. In litigation, so we are waiting to see what happens.

## **What's New / Upcoming in Watershed**

- No new updates from New York, West Virginia, Delaware, or Pennsylvania.
- Rhoderick noted that Maryland's Accounting for Growth Workgroup was scheduled to meet later in the week.
  - Dan Baldwin mentioned the Departments of Planning, Environment, Agriculture, and Natural Resources collaborated on an offset capacity analysis. The analysis looks at the capacity of each county to generate credits to offset growth. The workgroup is reviewing it right now and plans to discuss at this week's meeting. The analysis may be available to share for next month's TOWG conference call.
- Ridge Hall (Chesapeake Legal Alliance, Inc.): any thought within the Maryland workgroup for expanding credits for compliance within the TMDL, rather than solely for offsetting growth?
  - Rhoderick: That issue is on the workgroup's schedule, though it has to be discussed at higher levels first.
- Baldwin: One issue is that if credits are allowed to count towards attainment then fewer credits would be available to offset growth. So there is concern about limiting future growth.
  - Hall: If demand grows, that may stimulate the supply to meet it.
  - Rhoderick: Based on our analysis so far, there seems to be a finite number of credits available.
- McGee echoed Hall's point. One purpose of these market-based approaches is to spur innovation. If the analysis is only based on current Bay Program approved BMPs, though there is potential for new or innovative practices to generate credits as well.
- David Foster described a recent meeting in Chestertown. The meeting took place in response to counties' concern about the cost of compliance with the TMDL. The meeting was standing room only and cabinet officials listened carefully to the concerns from the local officials. Flexibility and innovative, cost-efficient approaches will be a high priority going forward.
- Rhoderick mentioned that Virginia was holding a Regulatory Advisory Panel meeting for its credit trading policy.
- Evan Branosky (DC Dept. of Environment): DC is still reviewing comments and making updates to its proposed stormwater regulations. Expect to have another informal and formal comment period before finalizing the regulations on July 22<sup>nd</sup>.

#### **What's New / Upcoming in Watershed, Non-jurisdiction TOWG members**

- Bob Rose: Could this workgroup could serve as a forum to discuss broader market questions, such as ecosystem services? Curious if there is interest or value in those general subjects.
- Jeff Potent (EPA): In the ecosystem service literature we are beginning to see that being able to trade only water quality credits may not be enough to change management practices. The ability to stack credits from multiple markets may be key to changing environmental outcomes or management practices.
- Eric Sprague (Alliance for the Chesapeake Bay): For our CIG project we are focusing on forest based practices. We are looking at how we can we integrate these practices so counties might streamline implementation, or how they can administer and fit into these markets.

- Beth McGee: The original focus of this workgroup was in recognition of the Bay states and their efforts to develop their trading and offset programs. There could be value in having these broader market discussions somewhere within the Bay Program, though this workgroup may not be the best forum.
- Rhoderick mentioned the Scientific and Technical Advisory Committee (STAC) has a meeting planned for May 14<sup>th</sup> to discuss the states' trading programs. Should have more information on this at next TOWG call.

### **Wrap-up**

- Rhoderick noted the next TOWG call is scheduled for Wednesday, April 17<sup>th</sup>. He thanked participants for their time.

### **Adjourned**

#### **Next conference call:**

Wednesday, April 17<sup>th</sup>, 2013

10:00AM to 12:00PM

<http://www.chesapeakebay.net/calendar/event/19158/>

## Teleconference Participants

<u>Name</u>	<u>Affiliation</u>
John Rhoderick, Vice-Chair	Maryland Department of Agriculture
Pat Gleason, Coord.	EPA Region III
Jeremy Hanson, Staff	Chesapeake Research Consortium
Eric Aschenbach	VA Dept. of Health
Jim Baird	American Farmland Trust
Dan Baldwin	MDP
Evan Branosky	DDOE
Darrell Brown	EPA, CBPO
Bevin Buchheister	Chesapeake Bay Commission
Liz Burdick	Water Stewardship
Alissa Burger	Penn Future
Peter Claggett	U.S. Geological Survey, CBPO
Sally Claggett	U.S. Forest Service, CBPO
Olivia Devereux	Devereux Environmental Consulting
David Foster	Chester River Association
Kelly Gable	EPA
Erin Gray	WRI
Ridge Hall	Chesapeake Legal Alliance, Inc.
Chris Hartley	USDA, OEM
Nicki Kasi	PA DEP
George Kelly	EBX
Marya Levelev	MDE
Beth McGee	CBF
Veronica Nigh	American Farm Bureau Federation
George Onyullo	DDOE
Susan Payne	MDA
Andra Popa	EPA, CBPO
Jeff Potent	EPA
Bob Rose	EPA
Glynn Rountree	National Association of Homebuilders
Kevin Schneider	Greenvest
John Shuman	JMT
Eric Sprague	Alliance for the Chesapeake Bay
Marcel Tchaou	Federal Highway Administration
Al Todd	Alliance for the Chesapeake Bay
Dana York	Green Earth Connection, LLC