

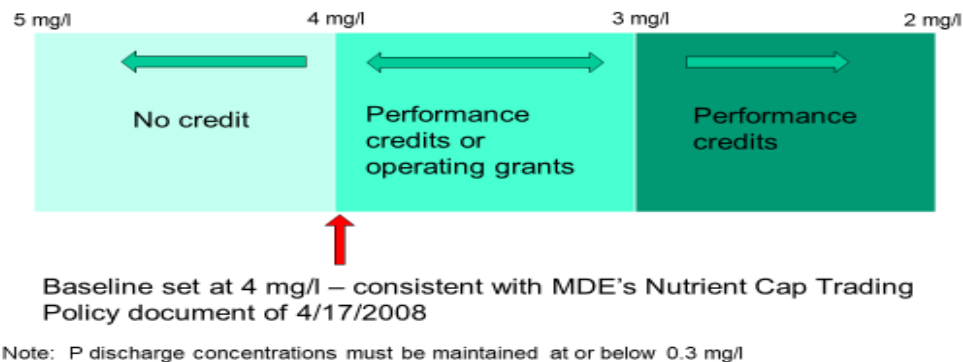


## NUTRIENT TRADING PROGRAM STATUS Issue Summary (10/31/17)

### Maryland

- The Maryland Department of the Environment (MDE) has issued proposed [regulations](#) on its website to govern trading between different source sectors for meeting Chesapeake Bay reduction goals as well as compliance with MS4 and other permit requirements.
- The regulations are currently under review by the Maryland General Assembly's Administrative, Executive, and Legislative Review Committee and are expected to be published in the Maryland Register on Nov. 13. That would launch a one-month comment period – until Dec. 13 – with a public hearing scheduled for Nov. 30.
- The regulations are expected to provide additional flexibility to jurisdictions that face ambitious MS4 requirements and control their own wastewater plants (WWTPs) through so-called “trading-in-time” initiatives, in which jurisdictions can temporarily ‘borrow’ nutrient loads from their WWTPs that are able to generate credits based on the performance of their plants at the end of each year. The exchange currency would be total nitrogen.

### How MDE’s Proposed Trading Regulations Would Work for Trading in Time Options



- The proposed regulations would prohibit jurisdictions that receive state operating grants for performing below the 4 mg/l cap level, from generating performance credits for the same increment of nutrient reductions.
- The draft regulations also address trading between point and non-point sources, such as agriculture; the regions in which trades can occur; baseline requirements; as well as defining crediting, certification and verification procedures.

# NUTRIENT TRADING PROGRAM STATUS

Issue Summary (10/31/17)

## Virginia

- Virginia's Chesapeake Bay Watershed Nutrient Credit Exchange Program was established via legislation (Virginia code) in 2005 to allow for nutrient trading, and has been an active and successful trading program.
- The program is intended to assist localities and utilities in meeting Virginia's portion of the Chesapeake Bay reduction goals in a timely and cost-effective way; accommodate continued growth; and provide market-based incentives for achieving the reduction goals.
- Virginia's Department of Environmental Quality (DEQ) administers the Nutrient Credit Exchange Program, including determining eligibility to buy or sell credits per the Virginia Watershed General Permit, record keeping, and practice verification.
- All trades are in terms of delivered TN and TP, based upon delivery factors and BMP efficiencies established by the Chesapeake Bay Program.
- Point sources are traded 1:1, and nonpoint to point source trades have a 2:1 ratio to account for the uncertainties of nonpoint source reductions.
- Virginia requires all new and expanded point source facilities to obtain offsets for 100% of their new load amount.
- Initially Virginia's credit program primarily focused on point source to point source trades.
- However, the Credit Exchange Program was legislatively expanded to allow for the stormwater sector to generate and use credits. In tandem with this, DEQ has issued several MS4 permits with specific language authorizing the use of trading for Bay TMDL compliance purposes.

## District of Columbia

- The [Stormwater Retention Credit \(SRC\) program](#) that defines nutrient trading for the District is administered by the District Department of Energy and the Environment (DOEE).
- All new development and redevelopment in the District of Columbia greater than 5,000 square feet is expected to retain runoff from the 24-hour, 1.2-inch storm. Sites can either accomplish this onsite, or offsite via a fee-in-lieu or via the purchase of [SRCs](#).
- In 2016, DOEE set up a \$12 M SRC Purchase Agreement Program for DOEE to purchase SRCs from property owners who had voluntarily installed green infrastructure practices. The purposes of DOEE's credit purchases was to establish a SRC price floor, and to stimulate private investment in green infrastructure.

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