

**Joint Statement
Regional Recommendations for the Pacific Northwest
on Water Quality Trading**



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Prepared by:
Willamette Partnership
The Freshwater Trust

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Disclaimer: This statement does not create agency guidance, policy, rule, or regulation. Any update to an individual state's trading program will be made according to all applicable procedures for public participation and input. The states' participation in these discussions may serve as a common reference point in each agency's toolbox as they endeavor to improve their CWA programs.

Joint Statement

Background

In March 2013, water quality agency staff from Idaho, Oregon, and Washington, U.S. EPA Region 10, Willamette Partnership, and The Freshwater Trust convened a working group for the first of a series of four interagency workshops on water quality trading in the Pacific Northwest. Funded by a USDA Conservation Innovation Grant, the Willamette Partnership facilitated the group's discussions that drew lessons learned from water quality trading policies, practices, and programs across the country. The group also sought to better understand EPA's January 13, 2003, Water Quality Trading Policy,¹ its 2007 Permit Writers' Toolkit,² and the existing states' guidance and regulations on water quality trading. All documents presented at those conversations and meeting summaries are posted on the Willamette Partnership's website.³

The effort began in response to the growing interest in trading in the region, as well as concern for the wide diversity of proposed approaches. The participating agencies were interested in comparing and contrasting their experiences and identifying some common principles and practices to guide consistent approaches to trading in the region. In particular, the discussions focused on how trading can help point sources meet their permit effluent limits in a way that provides greater environmental benefits. The final product is intended to be a set of recommended practices for each state to consider as they develop their water quality trading programs.

Goals

The goals of this set of regional recommendations are to help ensure that water quality trading programs have the quality, credibility, and transparency necessary to be consistent with the Clean Water Act (CWA), its implementing regulations, and state and local water quality laws and that all trades achieve water quality improvements. To reach these goals, the workgroup set out to identify the critical components of water quality trading programs and recommend several approaches to address these components. The recommended approaches were selected to increase the confidence of participants and observers that trades will produce their intended water quality benefits and comply with applicable CWA regulations.

Process

The states and EPA Region 10 discussed a range of issues relevant to water quality trading, including: guiding principles for trading programs; who is eligible to buy and sell credits; how to define "baseline"

¹ EPA, Water Quality Trading Policy, 68 Fed. Reg. 1608, 1612 (Jan. 13, 2003), *available at* <http://water.epa.gov/type/watersheds/trading/finalpolicy2003.cfm>.

² See EPA, EPA 833-R-07-004, *Water Quality Trading Toolkit for Permit Writers*, 30-31 (August 2007, updated June 2009), *available at* http://www.epa.gov/npdes/pubs/wqtradingtoolkit_fundamentals.pdf.

³ Willamette Partnership, *Joint Regional Statement on Water Quality Trading*, <http://willamettepartnership.org/joint-regional-agreement-on-water-quality-trading-2/joint-regional-agreement-on-water-quality-trading> (accessed 4/17/2014).

and other pre-conditions for generating credits; processes for quantifying water quality benefits; trading ratios and managing risk; unique characteristics of credits; quality standards for credit-generating projects; procedures to verify that projects are performing as promised; tracking and reporting credits and trades; determining compliance and enforcement; roles and responsibilities in administering a program; and adaptively improving a trading program over time.


Results

These conversations generated a deeper understanding of water quality trading policy objectives and a set of draft guiding principles and recommendations that states can consider in the development of future trading programs. Trading may not be appropriate for many water quality challenges, and its efficacy must be evaluated before assuming it can be useful in a particular watershed. However, when designed well and combined with other tools, the participating states believe that trading programs can help achieve water quality goals in a way that is consistent with the CWA and is based in sound science, avoids localized water quality problems, provides sufficient accountability that water quality benefits are being delivered, and is beneficial for the environment, landowners, and communities.

What's next?

Beginning in 2014, the participating states have committed to testing their recommendations through pilot projects. The states and EPA will reconvene to discuss their pilot experiences and, if needed, to refine the guiding principles and draft best recommendations for water quality trading before the end of the project in fall of 2015.

Signatories



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