JOINT REGIONAL AGREEMENT ON WATER QUALITY TRADING

Discussion Guide; August 8th, 2013

This Discussion Guide is intended to provide definitions, context, analysis, and options for addressing various components of water quality trading programs. It poses questions that will be discussed at the interagency workshops. This document may reference other trading programs, examples, or documents, but is not intended to serve as a published report or white paper and thus will not be extensively cited. This document will be included in the workshop packet and posted online following each workshop.

7. Verification Project Site Monitoring, Maintenance, and Record Keeping Obligations

Trading programs need guidelines for how BMPs should be monitored and maintained at individual project sites after they are installed and credits are initially verified and issued. This section describes the activities and documentation needed for *ongoing project verification*, which ensures BMPs continue to function as modeled and continue to meet program standards over time. This section is *not* about monitoring for compliance with Schedule B permit conditions, which is explored in the discussion guides for but could be relevant to the monitoring components of the trading program described in Schedule D.

Guidelines for each eligible BMP should include a description of required monitoring data, frequency of monitoring, and data collection methods. Considerations to be made at the programmatic level include defining the party responsible for conducting ongoing monitoring and setting standards for minimum frequencies. Trading programs also need to define who receives and reviews monitoring reports[1], how long records need to be kept, and whom they need to be available to.

7.1 Who is responsible for conducting project site monitoring for ongoing verification, how often does it occur, and who receives the reports?

I. Recommended default: The project developer is responsible for ongoing project site monitoring, subject to review by a verifier (state, permittee, or third party). Monitoring should be conducted at least annually and reports submitted to the verification entity. In some cases, monitoring might occur more or less frequently. For some BMPs (e.g. altering flow regimes, or where they may be prone to failure), monitoring may need to occur continuously or monthly. For some structural BMPs, monitoring may occur less frequently after the BMP has been established and confirmed as providing its full function.

II. Reasons to deviate from the default: For trading programs that involve hundreds of distributed BMPs (e.g. nutrient BMPs across an irrigation district) it may not be reasonable to monitor every BMP annually or more frequently. There may be a need to create a monitoring sample that inspects a rotating subset of BMPs each year (e.g. 50% of all BMPs are monitored each year).

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[1] A discussion of which entity performs program administration functions (e.g., state, permittee, or third party), including reviewing monitoring reports, is included in the Discussion Guide for the "Roles of States and Third Parties" and will not be dealt with in detail here.

7.2 What content needs to be in monitoring reports?

I. Recommended default: Site monitoring reports should include a comparison of site conditions to performance targets for the installed BMPs, any significant changes or shortcomings of the site, and actions planned to address any significant problems. An annual report summarizing the status of all projects active under the permit may also be required in Schedule D of the NPDES permit for submission to the state water quality agency, as explored in the Discussion Guide on "5. Permitting, Compliance, and Enforcement."

II. Reasons to deviate from the default: What else would you want to see on an annual basis? Are there reasons that reports should be submitted more or less frequently?

7.3 Do monitoring reports need to be made publicly available?

In general, it makes sense to make annual project monitoring reports available to the public, but looking at any one project report does not provide a broader picture of how the program is performing. There is some concern that if one project is not meeting performance standards, the public might question the performance of the entire program or permit.

I. Recommended Default: Monitoring reports for individual project sites should be made available for review by the verification entity and the public through posting to an online registry. For additional considerations on the role of registration in program transparency and mechanisms for sharing project information, see the Discussion Guides for "7. Verification and Certification & 8. Registration" and " Role of States and Third Parties."

II. Reasons to deviate from the default: Where trading programs are concerned about annual variability in BMP performance on an individual site, monitoring reports might be aggregated into a programmatic progress report.

7.4. Recordkeeping Requirements (How long do monitoring reports need to be kept?)

There are two reasons to retain records of project site monitoring data. The first is to maintain a record for evaluating permit compliance. These requirements are likely to be catalogued in the permit and fall under existing rule or guidance. Another reason is to maintain information needed to evaluate overall program performance. Other programs (e.g. wetland banking) require records be kept for 5 years after the "closure" of the project (e.g. credit life is complete or all credits are sold) for this purpose.

II. Recommended default: Both the project developer and the permittee should keep monitoring records for the duration of the compliance period plus the greater of applicable recordkeeping periods defined by state/federal rules or trading program policies. Permittees must retain all records otherwise required of them by federal and state water quality regulations.

III. Reasons to deviate from the default: Are there situations in which records should be kept for longer or shorter periods of time? What recordkeeping requirements should there be for evaluating overall program effectiveness, and who should be responsible for holding and maintaining those records?