

# JOINT REGIONAL AGREEMENT ON WATER QUALITY TRADING

## Reviewers Guide for Guiding Principles for Water Quality Trading

Following is a discussion draft on the guiding principles for water quality trading. Comments, questions, edits and additions will be incorporated and used to shape our discussion during the first Interagency Workshop, April 9<sup>th</sup> and 10<sup>th</sup>, 2013 in Union, WA. This document was derived from principles stated in USEPA's 2003 Water Quality Trading Policy, USEPA's 2007 Water Quality Trading Toolkit for Permit Writers, existing state agency trading documents, and Willamette Partnership's General Crediting Protocol version 1.96.

Please review this discussion draft, and consider the following questions:

- What are the overarching goals that trading is intended to accomplish? Does this document accurately represent your agencies intentions for trading as a tool to improve water quality?
- What would you add, remove or replace?
- Are there additional conditions or outcomes under which trading should NOT be allowed? Remember that specifics – like provisions stipulating compliance with specific laws (e.g. anti-degradation, anti-backsliding) and designating appropriate regulatory situations (e.g. TMDL, 401 certification etc) – are covered in the Outline of Tier 2 Components.

Written comments and/or tracked changes, as appropriate, are requested by **Friday, 3/22/2013**. Please direct feedback, questions, and comments to:

Carrie Sanneman • Willamette Partnership, Ecosystem Service Project Manager  
[sanneman@willamettepartnership.org](mailto:sanneman@willamettepartnership.org) • (503) 894-8426

# JOINT REGIONAL AGREEMENT ON WATER QUALITY TRADING

## Joint Regional Agreement

### DISCUSSION DRAFT: Guiding Principles for Water Quality Trading

---

March 7, 2013

Water links us in ways that underpin healthy communities, economies, and ecosystems. When Congress passed the Clean Water Act<sup>1</sup> in 1972, it aimed to protect those links in ways that would restore the nation's waters to levels that would support fishing, swimming and other beneficial uses we rely on. Water quality trading is just one tool of many to help achieve the goals of the Clean Water Act and other public objectives. Trading is not an appropriate tool for many water quality challenges, and its efficacy must be evaluated in every watershed. When well designed and combined with other tools, however, trading programs can help achieve water quality goals in a way that is beneficial for landowners, communities, and the environment.

Because each state and watershed will be unique, trading programs must be built flexibly. Nonetheless, guiding principles are the foundation of trading programs. The following guiding principles are derived from USEPA's 2003 Water Quality Trading Policy, USEPA's 2007 Water Quality Trading Toolkit for Permit Writers, existing state agency trading documents, and Willamette Partnership's General Crediting Protocol version 1.96. Water quality trading is generally supported where trading:

**I. Promotes a better environmental outcome**

- a. Addresses causes of pollutant of concern and does not negatively affect the environment;
- b. Achieves more pollution reduction than would have occurred without trading;
- c. Produces the greatest ecological benefits in the places that make the greatest difference; and
- d. Provides for the long-term stewardship and management of practices that produce water quality benefits.

**II. Achieves water quality goals faster than would have otherwise occurred**

- a. Achieves reductions and progress towards water quality goals more quickly than would have occurred without trading.

**III. Is based on sound science**

- a. Bases program goals, credit quantification methods and adaptive management systems on sound science; and
- b. Uses monitoring and evaluation to regularly improve and report on the progress toward water quality goals.

**IV. Provides for adequate accountability that promised water quality improvements are delivered**

---

<sup>1</sup> Federal Water Pollution Control Act, 33 U.S.C. § 1251, et. seq. (2006).

# JOINT REGIONAL AGREEMENT ON WATER QUALITY TRADING

- a. Fosters transparent information on program rules and processes, location and volume of transactions and effectiveness of the program over time;
  - b. Fosters accountability by clearly articulating who is responsible for producing which water quality improvements, providing a mechanism for identifying and correcting problems and allowing for clear dispute resolution; and
  - c. Fosters credibility through inclusive and open decision-making and adaptive management.
- V. Reduces the cost of meeting water quality goals for parties involved in trading**
- a. Provides a cost-effective compliance alternative for point sources
  - b. Achieves environmental goals with reliable and reasonable transaction costs
  - c. Uses, wherever possible, consistent credit quantification methods, processes and tools to lower the costs of program design and operation
  - d. Does not use economic arguments at the expense of water quality goals

Trading is generally NOT supported where trading:

- I. Produces significant, localized water quality problems**
  - a. Toxics;
  - b. Thermal barriers to fish migration, thermal shock/lethality for aquatic species, or impairment of known spawning habitat; and
  - c. Nutrient hotspots.
- II. Prevents installation of technology at the site of a point source that would provide greater environmental improvements than the trading option.**
- III. Is not supported by adequate science**
- IV. Is supported by adequate means of ensuring accountability**

If there are ever any ambiguities, exceptions to standards, or situations where this Joint Regional Agreement is silent, refer to these guiding principles to guide case-by-case decisions.