



Heads up re: effort to develop Regional Guidance on Water Quality Trading

Christine Psyk to: mclerran.dennis

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Cc: Bussell.Mike, schary.claire, vanhaagen.paula, Kelly.Joyce

Dennis, I want to make you aware of an effort that is underway in which Region 10 and the Office of Water and Watersheds is being asked to participate. NRCS has made grant dollars available for innovative projects to improve water quality. The Willamette Partnership in collaboration with the Oregon DEQ, Idaho DEQ, and Washington DEQ and the Freshwater Trust are applying for a \$1.5 to \$2 million grant to develop "Joint Regional Guidance" on standards, procedures and accounting infrastructure for credits that can be used in water quality trading for nitrogen, phosphorus and temperature offsets in Oregon, Washington and Idaho. See attached summary of the basic proposal:

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1 attachment



2012 Conservation Innovations Grant Summary 2-21-12.docx

We think this is a good proposal and plan to send a letter in support of it. We will need to be engaged in this effort but I think it would be very much worth our while. It's been difficult to get trading off the ground. There's lots of uncertainty, inconsistency, and ambiguity about how trading and offsets work which creates barriers to effective application of trading and offsets. This project could create a verifiable, robust guidance and a roadmap for all to follow. I understand all the states are on board (Dick Pedersen, Ted Sturdevant, Toni and/or Curt) with this project and it would be fantastic if the outcome is a true regional guidance that all our states adopt and follow. We, of course, need to be a key player to make sure that what is developed is not counter to the Clean Water Act and our regulations. So, we will need to participate and coordinate communications with HQ and our state partners and the Willamette Partnership and Freshwater Trust. I believe this will be a significant investment of our resources --perhaps as much as .5 to .75 FTE (or, at times, more). In my view, the logical person to staff our involvement in this effort is Claire Schary and she has been involved communications/coordination regarding this project to date.

Additionally, I would like to make you aware of a Water Quality Trading Workshop we are planning for March 21st. The purpose of the workshop is to bring together our state agency counterparts and all our Water programs in EPA to take a look at how trading has evolved and the lessons we've learned. There currently appears to be a lot of energy around trading in different quarters and it is important for our staff and managers (including the lawyers) to get a better understanding of the role of trading in helping us get to water quality improvements. We need to share our experiences together (EPA and the States) and look at ways we can work together to say yes to trading and/or offsets when they are worthwhile and set up verifiable, robust systems that demonstrate effectiveness of trading/offsets. We have you on the agenda to kickoff the workshop. I've asked Matt to put it on your calendar. We'll get an agenda to you well in advance of the workshop.

Let me know if you have questions/concerns.

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