

# JOINT REGIONAL AGREEMENT ON WATER QUALITY TRADING

## Initial Discussion Guide, March 26, 2013

### Agreement Element: Site screening for eligibility (Validation)

Developing a credit project can be costly. An initial site screening can give a project developer, regulatory agency, and NPDES permittee a quick idea of whether a site will meet established eligibility criteria. Not all programs do an initial site screening. Some screen for eligibility as part of verification once there is a design for BMPs and credit estimation complete.

The questions we need to answer are:

- Is there a need for an initial site screening for eligibility;
- Who does that screening; and
- What criteria do they apply?

#### I. Options and examples

##### Is an initial site screening required?

Requiring an initial site screening gives program administrators the ability to identify potential issues early on, reducing risk for the project developer and helping set projects on the right track from the outset. Those programs that do not require screening do so both to reduce the costs, and to simplify the number of steps in the approval process.

<b>Option A</b> <i>The proposed project site must pass an initial screening.</i>	<b>Option B</b> <i>No screening is required until verification.</i>
<b>Who does it this way?</b> The Medford trades need to pass an initial site screening.	<b>Who does it this way?</b> Many trading programs screen for eligibility at the time of verification.

**Comment [Schary1]:** This option could be expanded to include a voluntary request for the initial screening, with the understanding that it could save time and money later on, but is not required. It could be done with a service fee to pay for it

##### Who does the screening?

Whichever party conducts site screening will need to invest internally in trained staff to understand and can interpret eligibility standards. Use of third parties insulates the verification process from fluctuations in agency budgets.

<b>Option A</b> <i>A third party does the screening.</i>	<b>Option B</b> <i>A state agency does the screening.</i>
<b>Who does it this way?</b> Idaho's Boise program intended to use a nonprofit to do the screening. In Medford, Willamette Partnership does the screening.	<b>Who does it this way?</b> In Ohio state DNRs do the screening.

**Comment [Schary2]:** That's not true, unless you are referring to the pre-approved BMP list itself being a screening tool, and then when a credit form was submitted to be recorded before being transferred, the NGO running the tracking system compared the BMP name to the list. Or you could be referring to BMPs receiving cost-share funds, in which an NRCS or SCC staffer does the initial visit. We also thought the buyer may choose to do a screening visit before writing up a contract with the farmer.

<p><b>Option C</b>  <i>The NPDES permittee does the screening.</i></p> <p><b>Who does it this way?</b>          In the Tualatin, Clean Water Services does the screening.</p>	
---	--

**Comment [Schary3]:** I don't think this option needs to be included, since this is a different type of screening than others. I think that others, including regulators and enviros, may not feel it is trustworthy, or could raise problems later if the credits are determined to be invalid. We need to be clear about the regulatory purpose of the screening versus what a buyer wants to know before signing a contract to buy credits.

What is reviewed?

Where more information is reviewed early on, the project developer gets greater assurance that the project is likely to be eligible, preliminary credit calculations were done correctly, and that potential red flags have been identified. Willamette Partnership has found that eligibility screening covering the projects additionality, suitability, sustainability, and credit calculation assumptions (Option A) takes 2-4 hours for straightforward projects. Where eligibility is complicated and requires interpretation of eligibility requirements or development of nuanced standards, screening is longer and more involved; however, this process would have occurred in verification anyway and is essentially part of a program's adaptive management process.

**Deleted:** ,

Including a site visit as part of the screening would provide a greater understanding of the site for the validator, who could then provide more confidence around the site's eligibility to generate credits. Site visits take 2-4 hours, plus travel to the site.

<p><b>Option A</b>  <i>The screening organization looks at a project's documents for additionality, suitability, sustainability, and credit calculation assumptions using a set checklist. The screen also confirms ownership of land and credits. It is assumed that information provided is accurate and complete, no site visit is conducted to confirm information until the step for credit verifications.</i></p> <p><b>Who does it this way?</b>          Willamette Partnership uses its validation checklist to review projects.<sup>1</sup></p>	<p><b>Option B</b>  <i>A site visit is conducted to independently confirm validation information.</i></p> <p><b>Who does it this way?</b>          We do not know of programs that do this—primarily because of the additional cost involved.</p>
<p><b>Option C</b>  <i>The project screen evaluates less information.</i></p> <p><b>Who does it this way?</b>          Several programs focus on BMPs meeting quality standards and doing calculations correctly.</p>	

**Deleted:** occur

**Deleted:** projects

**Comment [Schary4]:** This is closer to the Lower Boise's process than what was mentioned above.

**Comment [Schary5]:** I inserted this because I was getting confused as to what was an actual site visit versus what was just reviewing written information

**Comment [Schary6]:** What about when another state or federal agency is involved in helping install the BMP, through cost share funds or some other voluntary program? Would we accept their screening process or request they verify some of our minimum requirements? And what about it being a state agricultural agency that doesn't see itself having a regulatory role but farmers don't want an environmental agency on their land?

**II. Recommended default**

The proposed project site's documentation must pass an initial screening by the state environmental agency or a third party. The site screen must include criteria for additionality, suitability (including

<sup>1</sup> <http://willamettepartnership.org/tools-templates/tools-and-templates-1>

intention to meet BMP quality standards), and sustainability. Project developer must also demonstrate ownership of land.

**Comment [Schary7]:** How is this done? Copies of deeds? Property tax bill?

### III. Reasons to deviate from the default

For more complex projects, site screening may include a required site visit, or might be done directly by the state agency. Upon request, project developer can also submit preliminary credit calculations for review.