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## **A National Network for Consistency and Integrity in Water Quality Trading**

### **Vision for a National Network**

*To improve the consistency, integrity, and environmental performance of water quality trading by supporting dialogue and consensus building surrounding guiding principles, core program elements and best practices.*

### **Why consistency in water quality trading? Why now?**

Environmental markets for water quality trading continue to emerge across the country as permittees seek cost-effective compliance alternatives. While programs are still working towards a greater volume of successful transactions, considerable understanding around how these programs should be designed and operated has developed over the past 10 years. Successful water quality trading programs maintain transparency in their methods, ensure real and verifiable pollutant reductions, track and verify projects and credits throughout their lifecycle, rely on sound science, and establish clear lines of responsibility. Following on the lessons of the carbon markets, and looking at new legal and political challenges, there is a need to define shared guiding principles, core program elements, and best practices to ensure integrity and consistency in water quality trading.

Sharing principles and practices for water quality trading program design, implementation, and long-term operation can help disseminate lessons-learned, drive consistency and connection between programs, and improve on the success of existing and emerging trading programs. New programs continue to face high start-up costs, struggling to adapt program elements from elsewhere vs. creating infrastructure from scratch. This dynamic makes it difficult to sustain the robust frameworks and science necessary to achieve social, economic, and ecological results. Building from existing work and pulling from the best practices established by existing programs can provide groups with a roadmap for successful program design, eliminate duplication of effort, and reduce start-up costs. Building from the best-practices and lessons-learned can also create consistency and establish high expectations across programs, which may help address the concerns of critics, discourage litigation, and build the confidence needed for regulatory compliance applications.

### **A Network to Share Best Practices**

Groups across the country have recognized the need to raise the bar and increase the integrity and consistency in water quality trading and to expand the dialogue to include additional stakeholders such as agriculture, wastewater utilities, state regulators and environmental groups. No single organization can create all these connections and bring consistency to the numerous ongoing efforts, but a network can. We envision a National Network organized as a collaborative dialogue between water quality experts, program administrators, industry leaders, and state and federal agencies. Earlier networks (e.g. the Environmental Trading Network) spurred growth in trading and release of the 2003 EPA trading policy.

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*To improve the consistency, integrity, and environmental performance of water quality trading, the Network shall:*

- Articulate shared guiding principles for excellence in water quality trading;
- Outline core program elements and work towards consensus on best practices; and
- Invite and incorporate the feedback of broader stakeholder groups.

### **Network Partners**

Over the last decade, ongoing conversations between water quality professionals have tracked progress and obstacles and led to innovative collaborations. Recently however, the desire to structure and formalize these dialogues has gained momentum and led to a broad partnership between:

- American Farmland Trust (AFT)
- Electric Power Research Institute (EPRI)
- Environmental Defense Fund (EDF)
- Hunton & Williams LLP
- Kieser & Associates
- National Association of Conservation Districts (NACD)
- The Freshwater Trust (TFI)
- US Department of Agriculture - Natural Resources and Environment (US NRE)
- US Department of Agriculture - Natural Resources Conservation Service (USDA NRCS)
- US Department of Agriculture Office of Environmental Markets (USDA OEM)
- US Water Alliance (USWA)
- Willamette Partnership (WP)
- World Resources Institute (WRI)

Ultimately, the Network will publish a “Summary of Principles and Practices” detailing guiding principles and best practices for designing, implementing and maintaining a water quality trading program. These principles will cover core program elements and will reflect lessons learned from existing programs, input from water quality trading practitioners and experts, and broad stakeholder comments and feedback.

In conclusion, the National Network for Consistency and Integrity in Water Quality Trading will improve stakeholder and program outcomes by coordinating dialogue and supporting consensus around the solutions to common challenges.

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