

Water Quality Trading in Missouri

September 2017

The Missouri Department of Natural Resources is in the beginning stages of establishing water quality trading programs throughout the state. The policy has been developed through the Missouri Water Quality Trading Framework; however, individual trading programs have yet to be created. The Department continues to promote water quality trading and continues to offer its support to any entity wishing to pursue the development of a program.

What were the drivers for starting a water quality trading program?

[Missouri's Nutrient Loss Reduction Strategy](#) was developed by the Missouri Department of Natural Resources in cooperation with partners throughout the state. It identifies specific "Recommended Actions" for agriculture, wastewater, stormwater, etc. One of these recommended actions reads as follows, "Missouri proposes to develop all the tools, protocols and documentation required to support nutrient trading to establish at least a pilot trading system in the next five years. Multiple partners have expressed an interest in trading and will help the department develop the infrastructure to support trading."

What has been the process to get a water quality trading program created and running?

A workgroup was created with the goal of developing a [Water Quality Trading Framework](#) that was to be Missouri's policy for trading. The Department arranged monthly meetings for one year. We had a moderator who led group discussions of different trading topics for the Framework. In each meeting, the group would give input on the chosen topic for that meeting. The moderator would then write sections of the framework based on those discussions. At the next meeting, the group would provide comments on what had been written. This setup allowed the workgroup to move quickly through topics while allowing everyone to contribute.

We used various guidance documents to inform our discussions:

- Willamette Report-[Building a Water Quality Trading Program: Options and Considerations](#)
- USEPA's [Water Quality Trading Policy](#)
- USEPA's [Water Quality Trading Toolkit for Permit Writers](#)
- [Geosyntec Nutrient Trading Report](#)

Who were players in the process?

Workgroup participants included staff from the Missouri Department of Natural Resources, Missouri Department of Agriculture, the Missouri Soil and Water Conservation Program, the Environmental Improvement and Energy Resources Authority, United States Department of Agriculture, Missouri Rural Water Association, Ozark Water Watch, Missouri Coalition for the Environment, Missouri Soybean Association, Missouri Agribusiness Association, and point source dischargers and their consultants. Participants broke into point source and nonpoint source subgroups for discussion of some of the trading topics and presented their discussions to the workgroup.

What has been the public reception of program?

The draft Framework was posted on the Department's website for public comment for 60 days as well as presented to the Missouri Clean Water Commission for comment. All comments were compiled and addressed. The Framework was subsequently approved by the Commission in October 2016. We have had parties express interest in water quality trading, but a program has yet to be developed. The Department anticipates that the first trading program will be for nutrients.

What do you hope to achieve with the program?

The ultimate goal stated in Missouri's Nutrient Loss Reduction Strategy is to use nutrients wisely and reduce nutrient loss to our rivers, streams and lakes, improve local water quality by reducing excess nutrients in these systems, both environmentally and economically, in Missouri and downstream. Not only does the Department hope to achieve these positive environmental impacts, water quality trading is a useful tool for permittees to mitigate the costs of compliance.

What have been the challenges during the development of the program?

In developing the trading framework much discussion occurred related to the different factors that go into the development of a trading program. These factors related to trading ratios, attenuation, etc. can significantly impact the viability of future trading programs. Striking the appropriate balance to foster economically practicable trading while promoting water quality has been a difficult balancing act.