



Water Quality Trading Program Development

Kimberly Corts
Water Permits Division

**Louisiana Department of Environmental
Quality**

LOUISIANA DEPARTMENT OF **ENVIRONMENTAL QUALITY**
:FOR ALL YOUR ENVIRONMENTS



Water Quality Trading Overview

- Stakeholder Interest
- Act 371 of 2017 Regular Legislative Session
- Rule/Guidance Development
- Next Steps



Types of Trades



Figure 1. Point source–point source trade.



Figure 1. Point source–nonpoint source trade.

Water Quality Trading Toolkit for Permit Writers; EPA 833-R-07-004, 2009

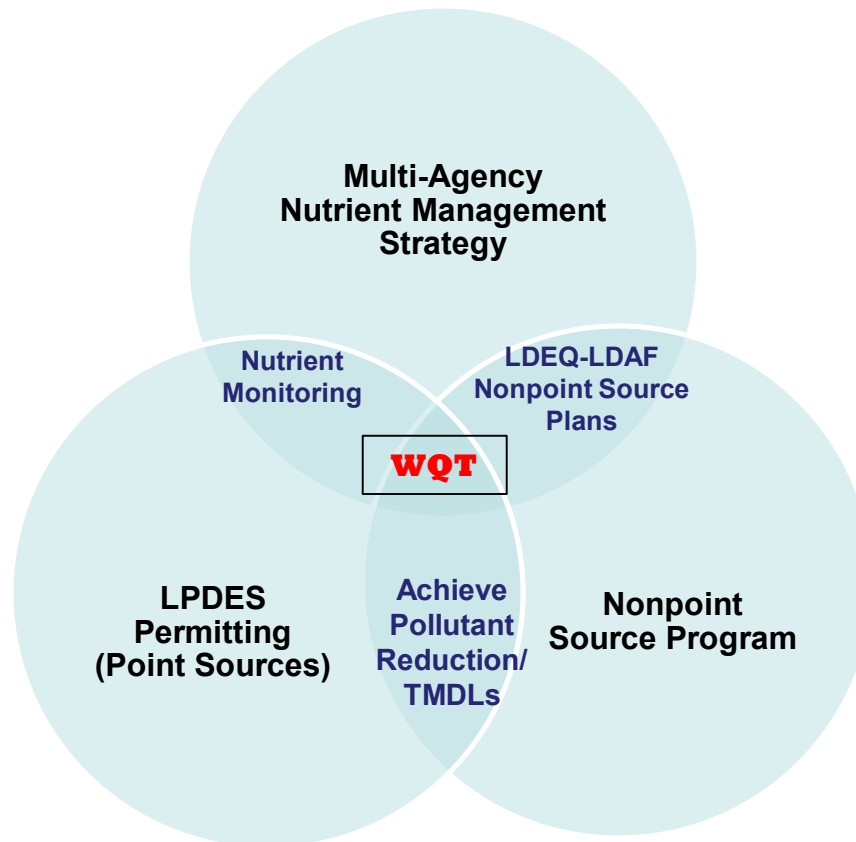


Water Quality Trading: Stakeholder Interest

- Overall Goal: Trading as cost-effective means to achieve water quality standards and reduce nutrient inputs
 - Source A ↑ \$ for X pollutant reduction
 - Source B ↓ \$ for X pollutant reduction
 - Credit = unit of pollutant reduction
- Louisiana Nutrient Management Strategy
- Incentives for voluntary participation
- Involve all stakeholders in watershed community
 - Point Source
 - Nonpoint Source



Water Quality Trading Precursors





Problems

- Existing TMDLs for Biological Oxygen Demanding Pollutants require 80%+ reduction in nonpoint sources, while leaving no allowance for growth from point sources
- Nutrient WLAs with no implementation guidance in TMDL
- Provide a method for reduction of nutrients without numeric criteria and/or strict permit limits



Water Quality Trading Rule/Guidance Development

- Small Workgroup members from LDEQ, LDAF, CPRA, USDA NRCS, and Water Synergy Project
- Review National Network on Water Quality Trading document (June 2015)
- Review Association of Clean Water Administrators (ACWA) Water Quality Trading Toolkit templates



Water Quality Trading: Pre-Act 371

- Revised Statute 30:2074.B.9
- Authorized DEQ to establish and administer a point source to point source effluent reduction credit banking system for state's waterbodies where Total Maximum Daily Load (TMDL) limitations are in place
- Limited to point sources with a TMDL within the same subsegment



Lake Pontchartrain Area: HUC 10





LDEQ Subsegments



Water Quality Trading: Act 371

- June 23, 2017
- DEQ authorized to adopt and promulgate regulations necessary to **establish and administer** a water quality trading program as an **inducement to reduce discharges of pollutants** into waters of the state.
- This water quality trading program may include **point source and nonpoint source** participation.
- Nonpoint sources may participate in the program through a written **agreement** between the department and the appropriate governmental entity with jurisdiction over the nonpoint source, or other written agreement with the department.



Water Quality Trading: Act 371

- Such regulations shall include, at a minimum, the following:
- (i) Criteria under which credits may be certified, generated, quantified, and validated.
- (ii) Geographical limitations on the use of credits, where applicable.
- (iii) Criteria for the monitoring, certifying, generating, use, banking, term, enforcement, and sale of banked credits.



Water Quality Trading: Act 371

- (iv) The approval of the department for the certifying, generating, use, banking, and sale of banked credits.
- (v) Requirements for the maintenance and submission of records concerning monitoring of pollutant levels, credit offset amounts, and banked credits.
- (vi) Any other requirements needed to comply with federal and state laws and regulations.



Water Quality Trading: Act 371

- (b) A pilot project may be used to aid in the development of a water quality trading program prior to the adoption of regulations promulgated pursuant to Subparagraph (a) of this Paragraph.
- Any such project shall be conducted in accordance with the terms and conditions of an implementation plan approved by the department.



Water Quality Trading: Act 371

- Review of agency rules provided for in R.S. 49:968 - Legislative Oversight for DEQ through
 - House Committee on Natural Resources and Environment and the
 - Senate Committee on Environmental Quality
- Act 371 includes additional Legislative Oversight by
 - House Committee on Agriculture, Forestry, Aquaculture and Rural Development and the
 - Senate Committee on Agriculture, Forestry, Aquaculture and Rural Development



Water Quality Trading: Act 371

In Summary, the revised statute:

- Allows participation of both point and nonpoint sources
- Consideration of watersheds and basins
- In watersheds with or without a TMDL

WQT Program Development in Louisiana

LDEQ is currently developing a WQT program, supported by state legislation and consistent with the Clean Water Act, and state and federal law, to facilitate trading among watershed stakeholders interested and eligible in participating in trading opportunities. This WQT program will allow participation by both point sources and nonpoint sources to help achieve water quality goals.

As announced in the Potpourri Notice 1712Pot1, LDEQ has made available for review a draft guidance document 'Louisiana Water Quality Trading Guidance Draft, December 20, 2017' on water quality trading program development in Louisiana. LDEQ is inviting the public to submit comments on any aspect that the department may consider in the development of a water trading program. Written comments may be submitted to LDEQ by February 28, 2018 (see 1712Pot1 for more details). Interested persons may also attend a stakeholder meeting at LDEQ on January 23, 2018 at 9:30 a.m. in the Galvez Building, Oliver Pollock Conference Room at 602 North Fifth Street, Baton Rouge, LA 70802.

Stakeholder Meetings

October 4, 2018 - Water Quality Trading Stakeholder Meeting

- Meeting Record
- Agenda
- Presentation

September 20, 2018 - Water Quality Trading Stakeholder Meeting

- Meeting Record



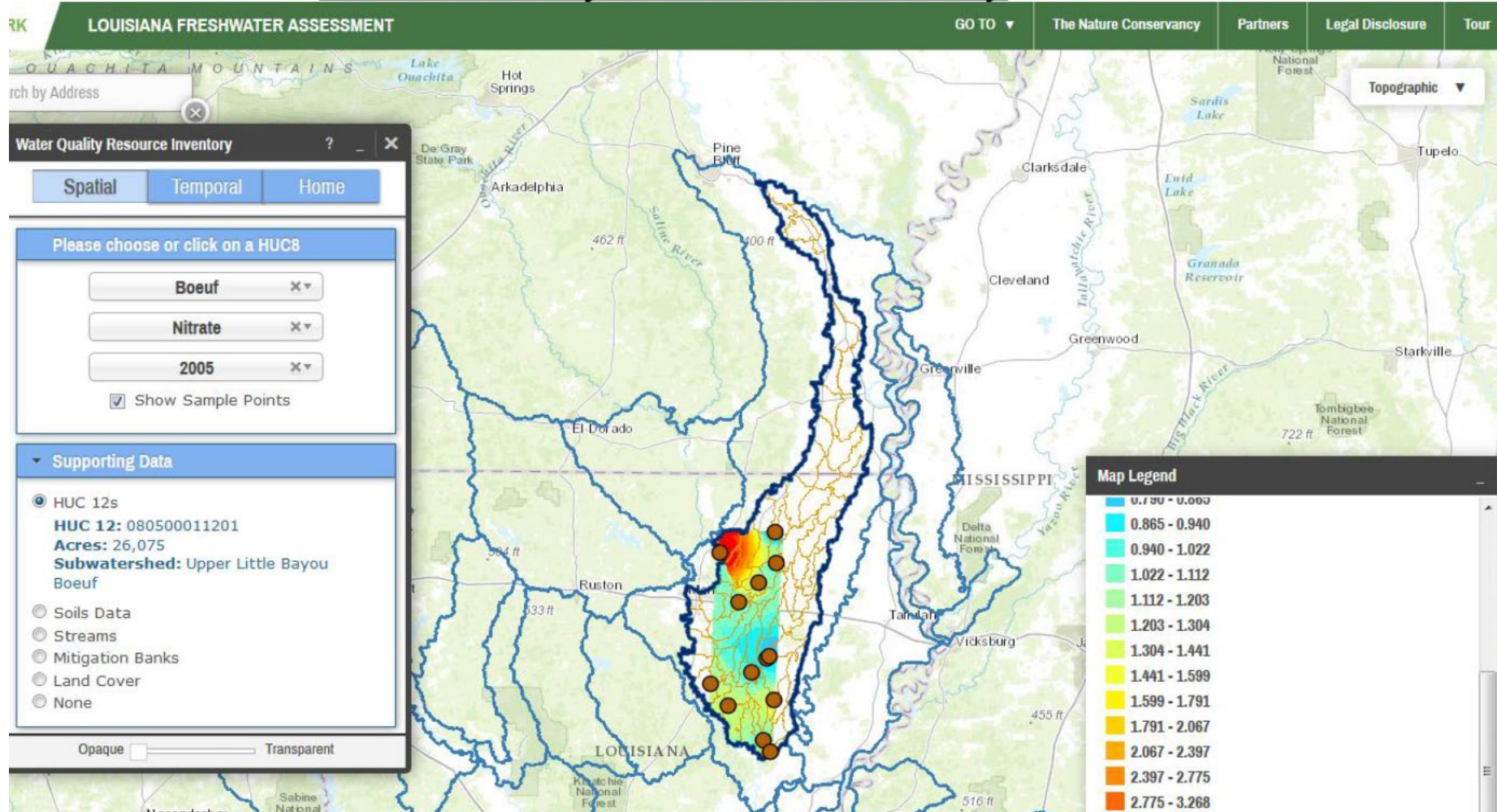
Water Quality Trading Rule/Guidance Development

- Allowable Pollutants
 - Nutrients and CBOD/BOD
 - Sediment
 - Temperature a possibility, but needs further development
 - Bacteria removed (no national guidance on how to implement)
- Trading Areas
 - Not limited to subsegment, but hydrological connection/reduction must be clearly demonstrated



TNC: FreshwaterNetwork.org

Water Quality Resource Inventory





Water Quality Trading Rule/Guidance Development

- Trading Ratios – default 2:1 ratio for nonpoint to point source
- Reserve Credit: 5% for unforeseen losses
- Retirement Ratio: 5 % to ensure net improvement in water quality



Water Quality Trading: Completed Activities

- Potpourri Notice 1712Pot1
 - December 20, 2017 in Louisiana Register
 - Draft Louisiana Water Quality Trading Guidance document available
- Kick-off stakeholder meeting on January 23, 2018
- Public comments received by February 28, 2018 for consideration
- Pilot Projects submitted and reviewed (on website)
- Additional stakeholder meetings held monthly June-Oct.



Water Quality Trading: Next Steps

- Draft Rule proposed by Dec 2018/Jan 2019
- Continue Stakeholder Interaction on Guidance Document:
 - Trading Ratios
 - Specific procedures (nonpoint vs. point source trades)
 - Reserve bank vs. one-to-one trades
 - BOD/CBOD Translators (???)
- Engage Nonpoint Sources
- Develop Inter-Departmental Workgroup to Review Trade Proposals
- Final Rule promulgated by end of 2019



Contacts

Water Quality Assessment Division:

- Jonathan McFarland, Administrator
Jonathan.McFarland@la.gov
- Amanda Vincent, PhD, Manager
Amanda.Vincent@la.gov
- Rachael Matthews, ES
Rachael.Matthews@la.gov

Water Permits Division:

- Scott Guilliams, Administrator
Scott.Guilliams@la.gov
- Kimberly Corts, Municipal Permits Manager
Kimberly.Corts@la.gov
- Jenniffer Sheppard, Industrial Permits Manager
Jenniffer.Sheppard@la.gov