Water Quality Trading

CTIC

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Three Key Points

Water Quality Improvement, Authority In Place Since 1972
Not an Either Or Situation
What Is Water Quality Trading?

• One Source Meets its Regulatory Obligation by Pollutant Reductions by Another Source
• Allows Costs to Reduced by Reallocation
Water quality trading is a tool that allows a permitted point source to meet its NPDES permit limit by purchasing pollutant reductions created by another source in the watershed that has lower pollution control costs.
2 Types of Trading

• Point Source to Point Source
• Point Source to Non-Point Source
Incentives for Trading

• For policymakers, potential to control pollutants at an overall lower cost to society and provide incentives for innovation
• For buyers, lower-cost way to reduce pollutants to plan for capital intensive upgrades
• For sellers, incentive to maintain and increase the performance of their pollutant controls
Incentives for Trading

• For non-point, provides a framework where they can generate credits/resources

• Community stakeholder can make adjustments to “create” allocation and can reduce pollutant loads
Problems That Arise

• No Numeric Standards No Driver
• Lack of Monitoring Difficult To Establish Baseline Condition
• Setting An Equitable Ratio
• Transaction Costs
Questions