



**MARYLAND  
TRADING and OFFSET  
POLICY and GUIDANCE  
MANUAL  
CHESAPEAKE BAY WATERSHED**



September 2016

## ACKNOWLEDGEMENTS

### Current and Past Members of the Maryland Water Quality Trading Advisory Committee

Tom Ballentine, NAIOP Maryland Commercial Real Estate Development Association  
Bevin Buchheister, Chesapeake Bay Commission  
Lynn Buhl, Maryland Department of the Environment  
Jim Caldwell, Howard County Office of Community Sustainability  
Valerie Connelly, Maryland Farm Bureau  
Candace Donoho, Maryland Municipal League  
Jim Edward, U.S. Environmental Protection Agency, Chesapeake Bay Program Office  
Lisa Feldt, Montgomery County Department of Environmental Protection  
Brent Fewell, Earth & Water Group  
Patricia Gleason, U.S. Environmental Protection Agency, Region III  
Terron Hillsman, U.S. Department of Agriculture/Natural Resources Conservation Service, Maryland Office  
Matthew Holloway, Wicomico County Council, Clean Chesapeake Coalition  
Lynne Hoot, Maryland Association of Soil Conservation Districts, Maryland Grain Producers  
Jeff Horstman, Midshore Riverkeeper  
George Kelly, Resource Environmental Solutions  
Les Knapp, Maryland Association of Counties  
Stephen Lafferty, Maryland House of Delegates  
Kate Maloney, Maryland State Builders Association  
Erik Michelsen, Anne Arundel County Department of Public Works  
Thomas Middleton, Maryland State Senate  
Shannon Moore, Frederick County Sustainability & Environmental Resources Office  
Doug Myers, Chesapeake Bay Foundation  
Dan Nees, University of Maryland Finance Center  
Susan Payne, Maryland Department of Agriculture  
Talmadge Petty, Maryland Agricultural Commission, Hollywood Oyster Company  
Chris Pomeroy, AquaLaw, Maryland Association of Municipal Wastewater Agencies, Maryland Municipal Stormwater Association  
Jenny Rhodes, Maryland Agricultural Commission, University of Maryland Extension  
Mindy Selman, U.S. Department of Agriculture, Office of Environmental Markets  
Rob Shreeve, Maryland State Highway Administration  
Helen Stewart, Maryland Department of Natural Resources  
Joe Tassone, Maryland Department of Planning  
Al Todd, Alliance for the Chesapeake Bay  
Lisa Wainger, University of Maryland Center for Environmental Science  
Sara Walker, World Resources Institute  
Facilitator: Lauren Franke, Maryland Environmental Service

**Agency Support Staff**

Vimal Amin, Maryland Department of the Environment  
Ray Bahr, Maryland Department of the Environment  
Greg Busch, Maryland Department of the Environment  
Brian Clevenger, Maryland Department of the Environment  
Michelle Crawford, Maryland Department of the Environment  
Yen-Der Cheng, Maryland Department of the Environment  
Lee Currey, Maryland Department of the Environment  
Paul DeSantis, Maryland Department of the Environment  
Jim George, Maryland Department of the Environment  
Virginia Kearney, Maryland Department of the Environment  
Jason Keppler, Maryland Department of Agriculture  
Marya Levelev, Maryland Department of the Environment  
Jennifer Smith, Maryland Department of the Environment  
Ed Stone, Maryland Department of the Environment

Final Draft

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## SECTION I

### 2016 Maryland Trading and Offset Policy and Guidance Manual

Protecting and restoring the water resources of the Chesapeake Bay and the many tributaries within its watershed present a great challenge to Maryland's citizens and businesses, as well as State, county, and local governments. Nutrient trading offers an attractive alternative to more traditional approaches for improving water quality and can often achieve results faster and at a lower cost. Maryland's new trading program provides expanded opportunities for all point and nonpoint sources by giving them access to the water quality marketplace and flexibility in meeting and maintaining their load limits by acquiring credits and/or offsets generated from load reductions elsewhere.

The Maryland Nutrient Trading Policy Statement, released on October 23, 2015, detailed a roadmap for the development of a cross-sector, market-based trading program and manual that use innovation, economies of scale, and public/private partnerships to accelerate the restoration of the Bay and local rivers and streams. The new 2016 comprehensive Water Quality Trading Manual builds on the significant work by the Maryland Departments of the Environment (MDE) and Agriculture (MDA) to produce the 2008 trading policies and guidance for the generation and acquisition of water quality credits for both point and nonpoint sources (Phase I, Point Source Policy; and Phases II A and B: Guidelines for the Generation and for the Exchange of Agricultural Nonpoint Source Credits, Maryland's Trading Marketplace).

The new manual has been developed with the participation and advice of the Maryland Water Quality Trading Advisory Committee (WQTAC) and other stakeholders. Its provisions add more flexibility and additional options for the regulated local governments and State and federal agencies with Municipal Separate Storm Sewer Systems permits (commonly known as MS4 permits) to engage in trading. MS4 jurisdictions with permits authorizing trading can meet a portion of each affected jurisdiction's impervious surface and Bay nutrient and sediment reduction requirements through the purchase of credits. The manual consolidates and supersedes the 2008 trading documents, and in addition to changes in policies for regulated MS4 jurisdictions, establishes that non-MS4 jurisdictions and onsite sewage disposal systems (OSDSs, a.k.a., septic system sector) also may achieve their share of the Chesapeake Bay load reductions via the acquisition of credits.

The manual will use the terms credit generators and credit sellers, as well as credit users and credit buyers and credit purchase and acquisition, interchangeably in the text below. In addition, in this document, the term point sources includes not only wastewater treatment plants (WWTPs) and industrial facilities operating under National Pollutant Discharge Elimination System (NPDES) permits, but also the NPDES-regulated dischargers of stormwater from three potential sources: MS4 Phase I and Phase II jurisdictions, construction activities, and stormwater discharge associated with industrial activity. To distinguish between these point sources, this manual will continue to refer to NPDES-permitted sewage treatment or industrial facilities as *point source*; regulated stormwater dischargers, such as Phase I and Phase II MS4 jurisdictions, as *MS4 jurisdictions*, and industrial

stormwater dischargers as *industrial stormwater*.

## **Background**

### History, Goals, and Strategies

The original 1983 Chesapeake Bay agreement called for the signatory Bay jurisdictions of the states of Maryland, Virginia, and Pennsylvania and the District of Columbia to work cooperatively with the U.S. Environmental Protection Agency (EPA) and the Chesapeake Bay Program (CBP) to address pollution entering the Bay. Over the years, the first Chesapeake Bay Agreement was renewed and amended periodically, each time building off the last revision: adding numeric reduction goals in 1987; calling attention to not only the Bay itself, but also its tributaries in 1992; and in 2000, focusing on accelerating implementation by 2010 and capping/maintaining nutrient and sediment loads. On December 31, 2010, the EPA established Total Maximum Daily Loads (TMDLs) for nutrients and sediment entering the Chesapeake Bay. In addition to setting these TMDLs, EPA required the Bay watershed jurisdictions to develop statewide Watershed Implementation Plans (WIPs) to explain how they planned to meet their assigned allocations by 2025. In June 2014, a new Chesapeake Bay Watershed Agreement was signed, adding both climate change and toxic contamination to the list of challenges whose solutions will ultimately increase the resiliency of the Bay and its tributaries.

In response to the issuance of the Bay TMDLs, Maryland developed 2010 Phase I and 2012 Phase II WIPs. Every two years the State also develops and implements milestones that, together with the WIPs, detail Maryland's strategies for meeting its two-year goals and allocations by 2025.

### The Role of Trading

The EPA supports trading and has indicated that market-based approaches such as water quality trading provide greater flexibility in achieving water quality and environmental benefits, result in early reductions and progress toward water quality standards, and can reduce the cost of implementing TMDLs for impaired waters. In 2001, the CBP and its Bay partners established a policy framework for trading with the publication of "Chesapeake Bay Program Nutrient Trading Fundamental Principles and Guidelines." In 2003, EPA issued its own Water Quality Trading Policy detailing national guidelines and delineating the purpose and potential benefits of trading, along with common elements deemed essential to the development of credible, sustainable trading programs. These two documents provided the basis for the development of initial trading programs in Maryland.

In January 2008, MDE finalized a document entitled "Maryland Policy for Nutrient Cap Management and Trading in Maryland's Chesapeake Bay Watershed" (2008 Cap Management Policy). Among the stakeholders participating in the development of this policy under the leadership of MDE were the Maryland Association of Municipal Wastewater Agencies (MAMWA); the Waterkeepers Alliance; the Maryland State Builders Association and the National Association



of Homebuilders; the Chesapeake Bay Foundation; representatives from the Maryland's Tributary teams; and MDA, as well as the Maryland Departments of Natural Resources and Planning.

During the development of point source policies (Phase I), it was recognized that trading between point and nonpoint sources presented some unique issues. Therefore, a second stage was initiated with the MDA taking the lead in the development of Phase II Policy and Guidelines, which focused on policies and procedures for generating credits in the agricultural sector and exchanging those credits. To assist in this effort, the Maryland Agricultural Nonpoint Trading Advisory Committee was convened with representation from a cross-section of public, not-for-profit, and business interests. The Committee provided guidance during the formulation of policy and procedures and the development of the infrastructure to support trading in Maryland.

Taken together, Phase I and II policies and guidance provided the framework for trading by defining the requirements and obligations of credit users and generators, buyers and sellers, and intermediaries (aggregators and brokers). The policies defined eligibility rules for point and nonpoint sources, baselines, geographies, the use of trading ratios, mechanisms of exchange, protocols for verification and assurance, compliance requirements for State TMDL-based allocations, and local water quality standards.

EPA's expectations for trading and offset programs are articulated in the Chesapeake Bay TMDLs, Section 10, and Appendix S, which can be found on the EPA's website at <https://www.epa.gov/chesapeake-bay-tmdl/chesapeake-bay-tmdl-document>. EPA has conducted assessments of the Bay jurisdictions' programs and found the Maryland Trading Program to be consistent with the Clean Water Act (CWA) and the Chesapeake Bay TMDLs. That assessment can be accessed at <https://www.epa.gov/sites/production/files/2015-07/documents/mdfinalreport.pdf>.

In 2013, EPA began the process of developing Technical Memoranda (TMs) as guidance for the Bay Jurisdictions to consider when developing or updating various aspects of their trading programs. TMs are not regarded as rules, regulations, or official agency guidance and do not establish any binding legal requirements. To date, TMs have been issued on Sector Load Growth Demonstration; Accounting for Uncertainty in Offset and Trading Programs; Local Water Quality Protection when Using Credits for NPDES Permit Issuance and Compliance; Evaluation of Sampling Variability in Chesapeake Bay Wastewater Treatment Plant Discharges; Components of Credit Calculation; Permanence of Credits Used for NPDES Permit Issuance and Compliance; Certification and Verification of Offset and Trading Credits in the Chesapeake Bay Watershed, and Establishing Offset and Trading Baselines in the Chesapeake Bay Watershed. The full text of each TM is available at <https://www.epa.gov/chesapeake-bay-tmdl/trading-and-offset-technical-memoranda-chesapeake-bay-watershed>



## 1. Maryland Water Quality Nutrient Policy Statement

### Introduction

The Chesapeake Bay is the nation's largest estuary and one of the most complex ecosystems in the world. The Bay's vast watershed stretches across some 64,000 square miles and encompasses parts of six states and the entire District of Columbia. The cumulative impact of human activities throughout the watershed has caused increasing pollution from an overabundance of nutrients, primarily nitrogen and phosphorus, resulting in serious degradation of the waters of the Bay and the many rivers, streams, and creeks that flow into it.

Nutrient and sediment loads come from a variety of sources, including agriculture, wastewater treatment plants, septic systems, urban stormwater run-off, and atmospheric deposition. Despite extensive restoration efforts by the Bay states, the lack of significant progress prompted the EPA to establish the Chesapeake Bay TMDLs, setting annual limits for nutrient and sediment loads and providing accountability through state WIPs detailing targeted reductions from all sectors.

Achieving these reductions and maintaining the loading caps while accommodating continuing economic and population growth will be challenging. Total cost estimates for adopting best management practices and/or installing controls to reduce nutrient and sediment discharges vary widely from sector to sector. Since the costs of meeting the TMDLs will be borne by all segments of society and all levels of government, it is imperative to identify and implement strategies to lower those costs.

Nutrient trading has emerged as a promising strategy for introducing cost-effectiveness and market-driven efficiency to the realization of nutrient reductions. Under this approach, sectors are given the flexibility to meet and maintain their load limits by acquiring credits and/or offsets generated from load reductions elsewhere. The likelihood that this option will be selected increases if the credit purchase is less expensive than other alternatives and the purchased reduction is deemed credible and verifiable.

Accordingly, attention has shifted to the agricultural community and other sources where compliance may be accomplished and exceeded at a much lower cost per pound than pollution reduction on site. MDE and MDA have been working collaboratively to establish a voluntary, market-based program to promote the use of trading as a viable option for achieving the State's load reduction goals. This program envisions trading not only within and between sectors, but ultimately between Maryland and the other Bay states.

### Guiding Principles

The State of Maryland is committed to a new trading program that:

- Accelerates the restoration of the Chesapeake Bay while reducing the cost of

implementation

- Maintains consistency with the federal Clean Water Act, the Chesapeake Bay and State TMDLs, Maryland law and regulation, and any other applicable requirements
- Offers competitive alternatives for accomplishing both regulatory and environmental goals
- Protects local water quality
- Promotes the preservation of productive agricultural and forest lands
- Uses the best available science and appropriate metrics to estimate and/or measure pollution reductions, manage risk, and ensure the validity of credits
- Provides accountability, transparency, and accessibility for all interested parties
- Includes necessary compliance and enforcement provisions
- Creates incentives for investment, innovation, and job creation
- Fosters collaborative partnerships between public and private entities and among diverse stakeholders and
- Positions Maryland to participate in interstate trading activities

## **Cross-Sector Trading**

Maryland recognizes that the primary drivers for trading are the regulatory programs that require pollutant reductions. MDE opened the door to trading and the generation and use of nutrient credits and offsets in the point source sector by WWTPs under the auspices of the Cap Management Policy adopted in 2008. Given the advances made by MDA in developing a web-based suite of tools to support trading, it is time for the State to implement policies that will broaden the availability of trading among sectors.

A number of studies have shown that there is a potential for substantial cost savings when the scope and scale of trading expands and regulated stormwater sources participate in trading. Under Maryland's cross-sector trading program, trades may occur between point sources, including for the first time, the MS4 community, and between point sources and nonpoint sources, such as between MS4s and agricultural operations. The regulated MS4 jurisdictions with permits authorizing trading can enter into cross-sector trading to meet a portion of their impervious surface restoration and Bay TMDLs nutrient and sediment reduction requirements through the purchase of credits.

In addition, there may be some benefits in common with carbon trading and practices that reduce greenhouse emissions. Since many of the agronomic, land use, and structural practices also store carbon and lower other greenhouse gas (GHG) emissions, the nutrient marketplace could provide a platform for the addition of a voluntary carbon component once it is fully developed and the nutrient marketplace is fully functioning.

## **Private Sector Role**

All sectors could benefit from public/private partnerships. The development of a public

marketplace for trading provides new employment opportunities for individuals and organizations offering services to support an emerging environmental restoration economy. Beyond the benefits of retaining and creating jobs and generating supplemental income, the assessment and verification of credits, the need for annual inspections, the design and installation of structures and systems, and the acquisition, management, and re-sale of credits are expected to be sources of revenue for consultants, technical advisors, engineers, contractors, aggregators, environmental bankers, and brokers.

## **2. Key Provisions for All Sectors**

### **2.1 Pollutants Eligible for Trading**

Nitrogen (TN), phosphorus (TP), and sediment (TSS) may be traded. Trades should involve comparable pollutants (e.g. nitrogen traded for nitrogen).

### **2.2 Protection of Local Water Quality**

Trading may not cause nor contribute to local water quality impairments or violate water quality standards. All nutrient and sediment trades on behalf of Chesapeake Bay goals must be consistent with any State TMDL-based allocations.

### **2.3 Pollutions Reduction Credits**

Pollutant Reduction Credits (credits) are the units of trade generated by load reductions that are greater than those required of the credit generator by a regulatory requirement or established under a TMDL. The resulting credits are expressed as mass per unit time (e.g. pounds per year for TN and TP or in the case of TSS, tons per year).

### **2.4 Eligible Credit Generation Practices**

Credits can be generated only by Best Management Practices (BMPs) that are approved (accepted and defined) by the Chesapeake Bay Program (CBP) Partnership for its annual progress review.

### **2.5 Trading Baselines**

The baselines applicable to an individual sector must be achieved and complied with to be eligible to generate credits. Either performance-based or practice-based methods for defining baselines and calculating credits can be used. Specific baselines for point sources, MS4 jurisdictions, and agriculture are described in the Sections II through IV.

### **2.6 Additionality**

Agricultural credit generating practices are expected to reduce loads beyond the baseline and result

in pollutant load reductions beyond what would have occurred in the absence of a potential offset or trade. For NPDES regulated permittees, loads discharged below the TMDL baselines are considered a credit generating practice and meet EPA expectations that additionality has been addressed.

## 2.7 Life (Duration) of Credits

Credits may be designated term or permanent. The lifespan of credit certifications should be consistent with the time periods that are used to determine compliance with permit limitations or other applicable requirements. Credits generated from certified projects or practices are valid for one calendar year (January through December) and may be applied (used) only in the year during which they are generated. Because practices will be installed at different times during the year, the total estimated annual credits generated from any practice installed within a given year will be considered to be generated the following year starting January 1. For example, installing a wetland in June of 2017 means that the annual credit will be given to that project beginning with calendar year 2018. Credits cannot be banked for future years. For example, if a best management practice (BMP) generates 100 credits each year and has been certified for five years, 500 credits cannot be applied in year five.

## 2.8 Eligible Participants

Subject to applicable laws, any person or entity, whether regulated and non-regulated, listed below may create, purchase, sell, retire, or otherwise acquire and use credits for the purpose of creating an alternative solution/option for the achievement of regulatory and environmental goals or to comply with TMDL allocations as long as the alternative conforms to this Trading Policy. Trading cannot be used to comply with existing technology-based effluent limits except as expressly authorized by federal regulations.

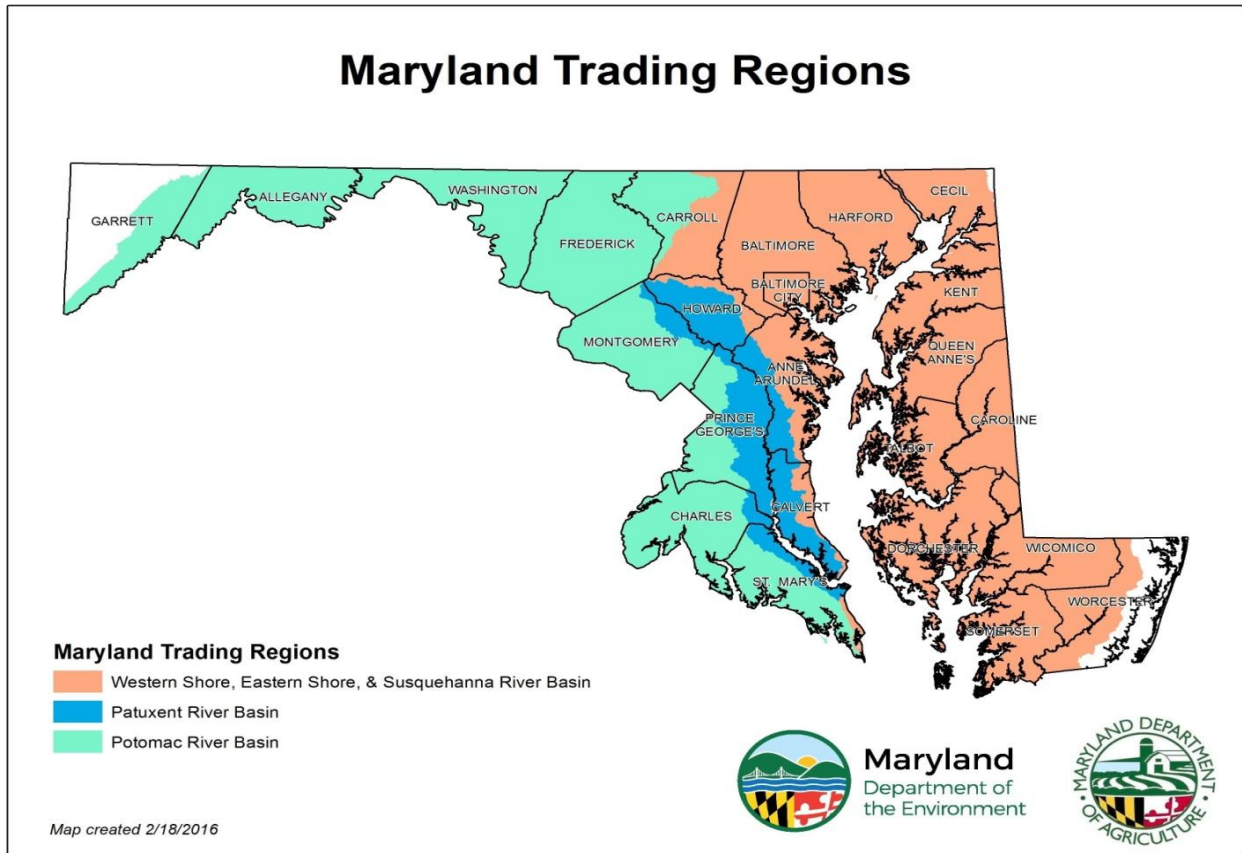
- Point sources
  - WWTPs (Significant, Minor, Municipal, Industrial)
  - MS4 jurisdictions
  - Industrial stormwater sources
- Nonpoint sources
- State of Maryland and its entities
- Federal agencies
- Any person or entity engaged in nutrient and/or sediment removal from the environment
- Aggregators and brokers
- Third parties
- Any combination of the above

## 2.9 Trading Regions

Trading regions will be based on the geographical boundaries for the three large watersheds within

Maryland.

- Potomac River Basin
- Patuxent River Basin
- Eastern Shore and Western Shore River Basins, including a portion of the Susquehanna watershed



Interstate trading can offer another opportunity for a cost-effective solution to the Bay restoration, but it is appropriate only if reciprocity among programs has been established and protection of the local water quality ensured. For interstate trading to fully succeed, barriers to trading market entry must be minimized through general consistency between states' programs and a resolution of the current differences in the baselines, standards, and methodologies.

### 2.10 Trading Ratios

A trading ratio is a numeric value used to address various forms of risk and uncertainty by adjusting the available credits for the seller or the credit obligation of the buyer. Different types of trading ratios are imposed for different reasons, and one or more may be applied in any given trade. The

types of trading ratios used in Maryland are described below and where relevant in Sections II through IV.

### Delivery Ratios or Factors

To ensure equivalent water quality results, delivery factors are used to account for differences in the relative impact of delivered pollutant loads due to location in the watershed and the distance from the mainstem of the Bay. Delivery factors will not be applied to loads involving trades between buyers and sellers in the same watershed segment.

### Uncertainty Ratio

Uncertainty ratios are applied to compensate for possible discrepancies in estimated pollution reductions resulting from inaccuracy in credit estimation methodology or variability in project performance. The application of an uncertainty ratio can also provide a margin of safety in the achievement of water quality goals.

### Retirement Ratios

At the time of trade, a portion of a trade will be set aside and used for the purpose of accelerating and securing improvement in water quality. Retirement ratios vary by sector and may be adjusted over time. Retirement ratios for each sector are described in Sections II through IV.

#### 2.11 Credit Calculation and Verification

Credits will be quantified using methodologies consistent with appropriate assumptions and provisions of the Bay TMDLs and the Chesapeake Bay Watershed Model (CBWM) and verified annually to ensure that they are producing expected reductions. For agricultural practices, independent verification by certified third parties is mandatory, and depending on the practice, may be annual or biannual. For point sources, NPDES reporting requirements will be stipulated by MDE in the permit.

#### 2.12 Use of Federal, State, County and Grant Funds

Federal, State, and County grant funding can be used to meet all sectors' baselines for trading.

#### 2.13 Accountability and Tracking

Credits will be reported and tracked with transparency and accessibility for all interested parties.

#### 2.14 Enforcement and Compliance

Trading documents must include appropriate compliance and enforcement provisions to ensure that



credits are real and reliable. Sanctions and/or penalties resulting from permit or contractual provisions or regulation do not preclude further punitive action that may be taken by any public or private entity.

### **3. Stakeholder Involvement and Public Process**

The State of Maryland has been and will continue to be committed to working with a broad set of stakeholders in the development and implementation of this Trading Policy. Ongoing program enhancements will provide further opportunities for both the public and members of the stakeholder Advisory Committee to participate and comment on all aspects of the trading program.

MDE and MDA believe that clear and transparent procedures and timely presentations of results are keys to establishing and maintaining the credibility of the trading program. The use of NPDES permits by MDE ensures transparency and tracking of point source credits and offers an opportunity for public notice and comment during the permitting process. NPDES permits that specifically or conditionally authorize trading and have already been subject to public comment during the draft permit public process will not require additional public outreach and any subsequent trades meeting the conditions of the permit will be implemented without formally reopening the permit (i.e. implemented as a minor permit modification). Standard website posting will be maintained. All credit acquisitions/purchases by the regulated MS4 jurisdictions will be reported in annual reports, and made available to the public by posting them on MS4 jurisdiction's website. Credit acquisition by industrial stormwater permittees will be reported at the time of acquisition to the Industrial and General Permits Division. Additional reporting requirements may be specified in the operator's permit.

The registry component of the web-based trading platform developed by MDA in collaboration with MDE and the states of Pennsylvania and Virginia also provides a transparent, easily accessible location for conveying relevant information about credits and trades to all interested parties and the public at large. The registry has been designed to document, catalogue, track, and display credits, verification activities, completed trades, and credit usage records. MDE will be evaluating the extent to which its permitting program information, already available through various web access methods, needs to be cross referenced on the registry with the goal of optimizing public access to information by either uploading information directly onto the registry or providing links to MDE's permit-tracking data bases.

MDA and MDE will continue working with EPA to support credit tracking for CBP modeling and reporting on the progress toward pollution reductions from all sources. Future statewide program evaluations will provide additional opportunities for trades and credit tracking enhancements.

### **Effect of 2016 Policy and Guidance Manual**

The policies and procedures outlined in this manual supersede 2008 trading documents and supplement existing requirements. Nothing in this document reduces or replaces existing regulatory



requirements. The policies and procedures herein are not legislation or a regulation.

This document outlines the framework for the generation and use of point and nonpoint source credits. It describes what may be traded, who is eligible to trade, where trading may occur, options for generating credits, point source trade implementation by MDE via NPDES permits, and options for the MS4 jurisdictions to engage in trading to meet a portion of their impervious surface and Bay nutrient and sediment restoration requirements. Also included is MDA's administrative and regulatory discretion for the verification, certification, and registration of agricultural credits. The State will undertake program modifications and enhancements as deemed appropriate in the future. Neither the load allocations nor the credits generated or used under guidance provided by this manual are a property right.

Effective Date: April 17, 2008

Updated September 2016

## **Authority**

### Federal:

Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq. (commonly referred to as "Clean Water Act").

Clean Water Act's NPDES using EPA's implementing regulations as delegated from EPA to MDE.

U.S. EPA's Final Water Quality Trading Policy, January 13, 2003.

U.S. EPA's Permit Writers Toolkit for Trading, August 2007.

Chesapeake Bay Program Nutrient Trading Fundamental Principles and Guidance (U.S. EPA, 2001).

### Maryland:

MDE, Maryland Policy for Nutrient Cap Management and Trading in Maryland's Chesapeake Bay Watershed, 2008.

MDA, Maryland Policy for Nutrient Cap Management and Trading in Maryland's Chesapeake Bay Watershed Phase II-A: Guidelines for the Generation of Agricultural Nonpoint Nutrient Credits, 2008, 2010, 2012.

MDA, Voluntary Agricultural Nutrient Credit Certification Program. ch. 447, §§8-901 through 8-904, Annotated Code of Maryland, Agriculture, 2010.

MDA, Voluntary Agricultural Nutrient and Sediment Credit Certification Program, Agriculture Article, §§2-103(b), 8-902, and 8-903, Annotated Code of Maryland, 2012.

MDA, Maryland Agriculture Certainty Program, §§8-1001 *et seq.*, Annotated Code of Maryland, 2015.

MDA, Agricultural Nutrient and Sediment Credit Certification Program, Agriculture Article, §§2-103(b), 8-902, and 8-903, Annotated Code of Maryland, 2016

## SECTION II

### Point Source (WWTPs) Cap Management and Trading

#### Background

To achieve Maryland's water quality standards for the Chesapeake Bay Maryland developed WIPs which include strategies for each sector. The central elements of the WIP's Point Source Strategy are: (1) continue to upgrade all significant (a.k.a., major) and some minor WWTPs to state of the art Enhanced Nutrient Removal (ENR), and (2) maintain the nutrient load caps for all point sources.

In other states in the Chesapeake Bay watershed, nutrient trading has played a role in either reducing nutrient loads from point sources to meet Bay TMDLs WLAs or to maintain them. In Maryland, 100 percent grant funding was made available by the Bay Restoration Fund (BRF) Act for ENR upgrades of significant and publicly owned WWTPs, and therefore, trading was not allowed as a substitute for the upgrades of significant facilities. In Maryland, since 2008 point source trading was primarily used to *maintain* point source Waste Load Allocations (WLAs), i.e., to offset increases in WWTPs loads associated with growth. MDE already has issued a number of NPDES permits utilizing offset options outlined in the original 2008 Cap Management Policy. The 2016 Trading Manual updates 2008 Cap Management Policy for point sources while adopting its Key Principles and implementation and enforcement of point source trades via NPDES permits.

#### 1. Key Principles

In addition to the Guiding Principles and Key Provisions, which are delineated in Section I, and apply to all trading parties, the following Key Principles apply specifically to point source trading:

- A point source does not become eligible for trading until WLAs, consistent with the Bay TMDLs and/or State TMDLs, are adopted in its discharge permit as baselines for generating credits
- New or expanding wastewater treatment facilities with no allocation in the 2010 Bay TMDLs are required to either obtain an allocation through trading or otherwise create a corresponding offset for the increased loadings
- Point source trades must be consistent with the approved County Water and Sewerage Plan
- Point sources seeking to trade away credits based on a determination that they have excess capacity, must evaluate the impact of the trade on current and projected sewer allocations using methodology consistent with MDE's Wastewater Capacity Management Plan Guidance and consider Local Growth Plans
- A minor WWTP is not eligible to participate in trading unless an applicable WLA is included in a discharge permit as a permit limitation
- Groundwater discharges may participate in the nitrogen trading with other point sources once a cap for nitrogen is included in the State permit as WLA

- MDE will require a five (5) percent retirement ratio applied to each point-source (term or permanent) generated credit
- The State reserves its authority to adjust any new allocation if it is determined to be necessary

## 2. Duration of Credits

- The facility submitting a trading proposal must demonstrate that it has secured the contractual right to credits for at least two (2) full five year permit terms, and
- The facility must submit a plan showing how it intends to acquire the necessary credits for at least 10 years beyond the two permit terms for a total planning horizon of 20 years
- At each subsequent NPDES permit renewal, the facility must demonstrate the securing of credits for the coming ten-year permit period, and update its plan for acquiring them over the subsequent 10-year horizon
- MDE may require additional documentation such as backup plans and alternative options to address failures by nonpoint sources to provide the contracted credits

## 3. Flow Management

A municipal wastewater authority may request, as part of an NPDES permit renewal or modification application, to redirect flows and associated Bay TMDLs allocations among its:

- 1) major facilities, and
- 2) major and minor facilities if a minor facility is retired and connected to ENR facility at their own expense

Such flow management is not considered trading when it involves a single owner or where it is regulated under a single permit issued to two or more co-permittees, i.e., “bubble permit.” Moreover, such flow management does not provide any relief from requirements for upgrading a major facility to ENR treatment, meeting Bay TMDLs allocations, and maintaining consistency with the Water and Sewerage Plan and Capacity Management Plan. State developed TMDLs and water quality protection would have to be considered prior to flow management approval by MDE.

## 4. Trading Baselines

The baselines for point source trading are the WLAs adopted in the discharge permit and consistent with the key principles outlined above. WLAs for significant point sources are based on the 2010 Bay TMDLs. WLAs for minors are determined individually as described below in subsection 4.2, and are based on the annual nutrient load goals which were established in 2004 Point Source Tributary Strategy. This strategy was part of the Maryland’s Chesapeake Bay Tributary Strategies Statewide Implementation Plan. The goals for minors were based on the design capacity in 2000 or the projected flow for year 2020, whichever was less, and a concentration of 18 mg/l TN and 3 mg/l TP. These goals were aggregated into a WLA for minors in the 2010 Bay TMDLs.

The 2010 Bay TMDLs individual and aggregate point source target loads can be found in Appendix B1 of the Maryland Phase I WIP: “Detailed Targets and Reduction Schedule.” In addition, Appendix C, “NPDES Dischargers in the Maryland Bay Watershed,” provides a comprehensive list of significant and non-significant municipal and industrial wastewater facilities within the State’s Bay watershed area, along with locations and available permit information on these point sources.

MDE requires all permittees wishing to participate in trading to first achieve and comply with their appropriate WLAs and other pertinent permit requirements. For example, point sources funded by ENR grants are assigned *concentration-based annual loading requirements, a.k.a, floating caps*. Hence, ENR facilities are required to comply with not only WLAs, but also with the floating cap requirements.

Floating caps will serve as the baselines for generating performance credits for trades with MS4 jurisdictions only. MDE’s approach to allowing only performance-based trading with MS4s is not based on a conflict with the principal of additionality. MDE reserves the right to authorize MS4 acquisition of capacity based credits from ENR facilities if the trading market with other sources including agriculture does not meet the demand. For all other trade scenarios, floating caps serve as eligibility requirements for ENR facilities.

Sections below describe various point source baselines basis.

#### 4.1 Trading Baselines for Significant Point Sources

Significant municipal WWTPs in Maryland are those with a design capacity of 500,000 gallons per day (gpd) or greater. Maryland significant facilities were required to upgrade to ENR. Their trading baselines are based on a design capacity consistent with the approved local water and sewer plan as of April 30, 2003 and an annual average concentration of 4.0 mg/l TN and 0.3 mg/l TP, a.k.a, ENR treatment.

#### 4.2 Trading Baselines for Minor Point Sources

Minor municipal WWTPs in Maryland are those with a design capacity of less than 500,000 gpd. Minor dischargers that want an option to generate credits would have to modify their permit to include WLAs, and implement nutrient upgrades to meet and comply with assigned permit requirements. Trading baselines for upgraded minors would be based on a design capacity at the time of the upgrade, but should not exceed either (1) the previously assigned 2004 Point Source Tributary Strategy TN and TP loading goals for the facility, or (2) 6,100 lbs/yr TN load cap and 457 lbs/yr TP load cap, whichever is less. Loads in excess of 6,100 lbs/yr of TN and 457 lbs/yr of TP will revert back to the State and be reallocated by MDE on case by case basis.

For existing minors not participating in the trading program, 2004 Point Source Strategy loading goals will be assigned as permit goals instead of limits unless the permit involves an increase in

design capacity to  $\geq 0.10$  mgd.

#### 4.3 Trading Baselines for Generating Performance Credits

Trading baselines for upgraded significant and minor point sources that want an option to generate performance credits for MS4 jurisdictions would be based on the floating caps. These caps are based on the annual total discharged flow and the annual average concentrations of 4 mg/l TN and 0.3 mg/l TP expected to be achieved by a properly operated ENR treatment work.

#### 4.4 Trading Baselines for Significant Industrial Point Sources

Trading baselines for significant industrial point sources identified in the Maryland WIP for the Bay TMDLs, are based on a combination of (1) historical performance levels; (2) the amount of loading reductions already achieved since the initial baselines established in 1985; and (3) establishment on a case by case basis of additional potential loading reductions. Industrial facilities with a minimum TN discharge of 75 pounds per day or minimum TP of 10 pounds per day had their annual load goals included as WLAs in their discharge permits.

### 5. Options for Generating and Acquiring Credits

Credits may be generated and/or acquired through any of the options listed below, as well as other options that may be proposed on a case-by-case basis through the NPDES public participation process:

- Upgrade of an existing minor WWTP to Biological Nutrient Removal (BNR) or ENR
- Retirement of an existing minor WWTP after connecting to ENR facility
- Upgrade of Industrial Point Sources
- Retirement of an existing (as of April 2008 ) OSDS by connecting to an ENR facility
- Land application of wastewater with pre-treatment and nutrient management controls
- Maintenance of flow at less than the design flow basis of its nutrient WLA (Capacity Credits)
- Maintenance of annual optimized performance (Performance Credits)
- Optimization of treatment operation and Maintenance of flow at less than the design flow basis of its nutrient WLA (Optimized Capacity Credits)

These options are described further below.

The CWA forbids a permitting authority from issuing a permit that would result in a violation of water quality standards. Prior to approving any credit purchases, MDE will assess the potential impact from the proposed discharge by performing water quality modeling to determine if there would be a violation of any existing water quality standard applicable to the receiving water.

#### 5.1 Upgrade of an Existing Minor WWTP to BNR or ENR

### 5.1.1 Minor WWTP Upgrades Without Utilizing State Grants

All existing minor WWTPs may generate credits for trading by upgrading to BNR or ENR without utilizing State grants. When a credit buyer, a new facility, or an expanding facility obtains consent of the minor facility to upgrade the existing facility to BNR or ENR, MDE will allocate the appropriate loading to that buyer/discharger as follows. The participating minor facility will be given a permit limit effective upon completion of the upgrade corresponding to WLAs not to exceed 6,100 TN load cap and 457 lbs/yr TP load cap, as discussed above. As a result, MDE will then allocate to the new discharger via a permit up to 95 percent of the difference between the previous allocation and the new reduced allocation of the upgraded minor. The remaining load will be retired for net water quality benefit. In addition, the minor facility may also choose to trade some of its resulting permit WLA consistent with this policy.

### 5.1.2 Minor WWTP Upgrades with State Grants

A minor facility upgraded to ENR using State grants may trade some of its permitted WLA.

## 5.2 Retirement of an Existing Minor WWTP After Connecting to ENR Facility with State grants

MDE will allocate to the permittee, subject to ensuring the protection of local water quality, the same loading as though the existing minor sewage treatment plant had been upgraded to BNR/ENR prior to being taken off-line.

## 5.3 Upgrade of Industrial Point Sources

Technology-based upgrade requirements may be applied on a case-by-case basis. Other appropriate approaches that generate credits through reductions in discharges, including, but not limited to, implementation of pollution prevention and recycling.

## 5.4 Retirement of an Existing OSDS (as of April 2008) by Connecting to an ENR Facility.

MDE may provide a nitrogen loading allocation to an ENR facility (or a facility with plans to upgrade to ENR) based upon 50 percent of the original OSDS load and proximity of the retired residential OSDS to surface waters. For an ENR plant producing effluent nitrogen of 4 mg/l, the transfer of flow from a residential OSDS to the treatment plant would generate the following credits:

- A. In critical areas – 9.28 lbs/yr TN
- B. Within 1,000 feet of any perennial surface water – 5.8 lbs/yr TN
- C. All other – 3.48 lbs/yr TN



These credits are based on 5.3.2 model assumptions used by the CBP for nitrogen and phosphorus. MDE assumes an 80 percent delivery rate in critical areas; a 50 percent delivery rate within 1,000 feet from any perennial surface water; and a 30 percent delivery rate from distances greater than 1,000 feet from any perennial surface water (i.e., all other systems). These figures may change when CBP adopts the Phase 6 model in 2017.

With regard to phosphorus, the CPB assumes the average residential OSDS delivers *no TP*. Therefore, the allocation approval would require demonstration that the proposed significant ENR facility will meet its existing permit requirements for phosphorus after accounting for projected increased phosphorus loading of 0.23 lbs of TP per house connected.

MDE intends to provide flexibility to minor facilities with BRF funded upgrades regarding phosphorus loadings from OSDS connections. If available, the State would use the surplus TP WLA coming from the minor upgrade to provide adjusted phosphorus WLA for a OSDS connection as long as no local hot spot is created by this arrangement. A phosphorus credit of 0.23 lbs per year per equivalent dwelling unit (EDU) will be the basis of the plant load allocation for OSDS connections to an upgraded facility. This credit will allow minor facilities to connect OSDSs without the need to achieve lower than 0.3 mg/l TP concentration.

Credits for connecting non-residential systems will be established on a case-by-case basis. Credits may also be considered on a case-by-case basis when OSDSs are connected to a decentralized system that is highly efficient at removing nitrogen.

#### 5.5 Land Application of Wastewater with Pre-treatment and Nutrient Management Controls

Land application of wastewater with appropriate pre-treatment and nutrient management controls may be used to offset new or expanding nutrient loads. An appropriate groundwater permit from the State of Maryland will be required. The permit will consider the yearly nitrogen balance calculations, the hydraulic loading rate, and the crop to be planted on the spray/drip fields, storage during the winter months, and other BMPs in order to achieve targeted nitrogen concentration in the groundwater percolate and protect public health and the environment. Before MDE can process a municipal groundwater discharge permit, proposed municipal projects must be included in the County Water and Sewer Plan.

#### 5.6 Maintenance of Flow at Less than the Design Flow Basis of Nutrient WLA (Capacity Credits)

Eligible ENR facilities can generate credits by maintaining flow at less than the design flow basis of the assigned nutrient WLA. MDE will implement such trades through a permit modification of the ENR facility's limit to reflect the corresponding reduction in its allocation. The available credits shall be based on the WLA, the baseline loading allocation for the facility, minus the nutrient loading calculated at the remaining flow capacity of the treatment system and the permitted performance level. All credit exchanges must be consistent with the point source Key Principles



outlined in this section.

### 5.7 Maintenance of Annual Optimized Performance (Performance Credits)

MDE will implement trades involving performance credits through a permit modification of the ENR facility's limits and the annual concentration-based loading requirements to reflect corresponding changes. The available credits shall be based on the difference between the existing floating cap and a floating cap based on the new adopted optimized annual average effluent concentrations. The projected new concentrations shall not be based on assumed improved performance beyond demonstrated historical performance levels unless data from similar representative facility is available and relevant. In addition to the above, the WLA will also be adjusted to reflect optimized annual average effluent concentrations. The reductions in nutrient allocations will then be reflected in the discharge permit as a revised nutrient loading limitations.

### 5.8 Optimization of Treatment Operation and Maintenance of Flow at Less than the Design Flow Basis of Nutrient WLA (Optimized Capacity Credits)

MDE will implement trades involving any combination of optimized treatment operations and flows below design capacity through a permit modification of the ENR facility's limits to reflect corresponding changes. The available credits shall be based on the existing permitted limits and WLAs for the facility (significant or minor) minus the nutrient loading calculated based on the projected achievable treatment performance level and flow volume. The projected level shall not assume improved performance beyond demonstrated historical performance levels unless data from similar representative facility is available and relevant. In addition to the above, available credits shall account for the load allocations approved and reserved consistent with the methodology provided in MDE's Wastewater Capacity Management Guidance. The reductions in nutrient allocations will then be reflected in the discharge permit as a revised nutrient loading limitations.

## 6. Incorporating Trades in NPDES Permits

### 6.1 Individual Permits

Point source trades will be implemented and enforced through discharge permits. The trade itself or the process by which the trade is calculated must be specified within the permit or the permit will have to be reopened to implement the trade.

### 6.2 Bubble or "Overlay" Permits

A Bubble or Overlay permit is an alternative group permitting approach available to owners of multiple facilities for implementing the nutrient caps. Instead of multiple caps, one for each facility in a watershed, the central owner may elect to receive a single permit with one nutrient loading cap for all of the facilities it operates in the watershed. Technology-based treatment requirements for nutrients at each of the individual facilities will be included either in the bubble permit or in the

permits required for each individual facility. Any State TMDL-based limits applicable to facilities in sub-watersheds would continue to apply to the individual facilities in addition to the overall loading cap. Additionally, the bubble permit does not preclude any individual non-nutrient permit limits. All discharge flows must continue to be consistent with the local Water and Sewerage Plan as well as the permitted design flows for the individual facilities.

A single combined bubble permit may be issued to multiple owners in a watershed electing to form an association and obtain a single permit as co-permittees. Under any bubble permit approach, individual discharge permits issued to each individual facility would continue to specify monitoring and reporting requirements for nutrients as well as the requirements for other regulated pollutants.

## **7. Water Quality Trading Approval Process**

This section describes the requirements and the process for obtaining MDE's approval for permit modifications for water quality trades

### **7.1 Identifying Trading Partners**

Point sources seeking to acquire or sell discharge credits are responsible for identifying trading partners. The pool of candidates consists of Maryland's WWTPs eligible trading partners identified in the Key Provisions of this trading manual. In addition, trading partners can be identified by contacting MDE, individual WWTPs, MDA, or third-party stakeholder groups such as MAMWA, or trading intermediaries such as aggregators or brokers.

### **7.2 Application Process and Documentation Requirements**

Point sources planning to utilize credits obtained from another point source or nonpoint source shall submit joint application(s) for modification of the NPDES permit(s) of trading partners to MDE. The application shall be composed of three parts: (1) specific details of the trade; (2) credit buyer documentation; and (3) credit seller documentation. The application and any standardized forms, along with information about the process for applications and documentation of trades may be obtained from MDE.

### **7.3 The Trading Application – Specific Details of the Trade**

The trading application shall provide specific information about the proposed trading arrangement. This information shall include the following (based on the contract, as described in Section V):

- The owner of the credits
- The credits user and/or purchaser
- The trading region and 8-digit basin
- The credit contract/agreement period (Start and End Dates)
- The generator (source) of the credits

- The number and type of discharge credits to be exchanged each year during this period
- The length of credit life (annual, seasonal, or permanent)
- The methodology for determining the number of required credits to be exchanged, and
- The general contractual arrangements

This policy does not necessarily require the disclosure of all contract terms, and the trading parties may keep some contract terms confidential. MDE will work with stakeholders to determine the minimum requirements for disclosure of contract terms that would allow for adequate review of the trade proposal.

#### 7.4 Point Source Credit User Documentation

The user acquiring point source credits shall provide information on the following matters:

- The need for the trade, including WLA status, flow, and load projections
- The consistency of the trade with the following: the approved County Water and Sewerage Plan, planned service areas, priority funding areas, TMDLs, and once adopted, Water Resources Element of the Land Use Plan
- The location of the facility, including a facility location map, the eight-digit River Basin designation of the discharge point, and the Chesapeake Bay Program watershed model delivery factor
- The credit acquisition plan. A new or expanding facility must document contractual arrangements that secure an adequate number of credits for 10 years (i.e. two NPDES permit terms). In addition, it must provide a plan showing how it intends to acquire sufficient credits for the subsequent 10 years beyond the 10-year contractual period.
- Credit Generator/Supplier Information

#### 7.5 Point Source Credit Generator/Supplier Documentation

The point source facility providing discharge credits shall provide the following information/documentation:

- How the discharge credits will be generated by the facility
- The consistency of the trade with the facility's growth and infrastructure planning, including the approved County Water and Sewerage Plan
- Evaluation of the impact of the trade on current and projected sewer allocation, using a methodology consistent with MDE's Wastewater Capacity Management Plan Guidance and consideration of Local Growth Plans, as described above in the Key Principles for point sources
- The location of the facility, including a facility location map, the eight-digit River Basin designation of the discharge point, and the Chesapeake Bay Program watershed model delivery factor
- The credit life

- The contract terms
- The credit user information

MDE will review and evaluate permit application(s) involving trading based on the requirements described in this manual. MDE may request additional information to evaluate trading proposals from MS4 jurisdictions and/or other trading partners. Unless additional information is requested, the application will be accepted, accepted with conditions, or denied. MDE approval is not final unless the NPDES permits have been modified as necessary to incorporate the trade (with exceptions noted in other sections of this policy document).

#### 7.6. Public Participation

For point sources, NPDES reporting requirements will be stipulated in the discharge permit after the appropriate public participation process regarding the trading terms and provisions of the discharge permit. MDE is required to maintain interest lists pertaining to NPDES permits, and an interest list will be maintained for any parties who want to be informed when a permit is being proposed to include trading. When a permit is being revised to incorporate trading, the public notice required for all permit renewals and major modifications will now also specify that trading is being proposed in the draft permit.

### 8. Verification and enforcement

Verification and enforcement of the trading provisions of the permit will follow the standard tools and procedures of the national NPDES program, including but not limited to certified Discharge Monitoring Reports, appropriate annual reports, and any other reporting terms specified within the permit. Credits generated by wastewater point sources will be verified by MDE's Water Management Administration (WMA) via standard permit compliance protocols.

Ongoing information regarding permits can be tracked by using EPA's national tool at <https://echo.epa.gov/facilities/facility-search?mediaSelected=cwa>. MDE's own tool for permit status and permit documentation is located at <http://mes-mde.mde.state.md.us/WastewaterPermitPortal/>.

### 9. Institutional Framework and Structure

MDE will be responsible for oversight and management of the point source portion of the trading program, including responsibility for policy decisions on issues such as eligibility, credit certification, verification, compliance monitoring, and enforcement. MDE may elect to contract some activities to third parties, such as credit verification or third party audits of transactions. Implementing procedures outlined in the Trading Manual requires staff resources. It is MDE's intention to work with other State agencies to get a trading program established using available resources. As the program evolves, a fee-based approach may be adopted.

## Section III

### Regulated Stormwater Trading (Regulated MS4 Jurisdictions/ Industrial Stormwater)

#### Background

One of the goals of the Maryland Nutrient Trading Policy is to provide additional options and flexibility for the regulated stormwater entities to achieve permit compliance with impervious surface area restoration requirements. The regulated entities include Phase I and Phase II MS4 jurisdictions and stormwater discharge associated with industrial activity. Regulated stormwater trading will allow stormwater permittees to acquire nutrient and sediment credits from both point sources (e.g., WWTPs) and nonpoint sources (e.g., agricultural operations). This in turn will accelerate progress toward meeting Bay nutrient and sediment reductions.

The goals of Maryland's NPDES MS4 and industrial stormwater permits are to control stormwater pollution, improve water quality, work toward meeting water quality standards, and ensure Bay nutrient and sediment reductions. The permits require MS4 jurisdictions to perform watershed assessments and develop watershed restoration plans as part of a Chesapeake Bay TMDLs urban stormwater strategy, which are to provide a schedule for taking actions to attain water quality goals. The MS4 permits further require jurisdictions to establish restoration plans to attain all local receiving water quality criteria. One of the guiding principles of Maryland's Trading Policy is the protection of local water quality. The use of trading does not relieve stormwater permittees of the responsibility to address local water quality issues.

Maryland's Accounting for Stormwater Wasteload Allocations and Impervious Acres Treated (Accounting Guidance) was incorporated into Phase I MS4 permits to help guide restoration work. The Accounting Guidance recognizes that alternative best management practices, new technology, and innovative methods may be utilized to meet permit restoration goals. Accordingly, the use of nutrient trading will be an acceptable option as outlined in this Trading Manual once the necessary regulatory or permitting frameworks have been established. Specifically, credits that are generated by the implementation of agricultural BMPs and wastewater point source reductions can be used to meet a portion of the MS4 and industrial stormwater permit requirements. Maryland's General Permit for Stormwater Associated with Industrial Activities includes similar concepts regarding restoration requirements and options.

#### 1. Key Principles

In addition to Guiding Principles and Key Provisions that are delineated in Section I and apply to all trading parties, the following Key Principles apply to the acquisition of credits by stormwater permittees (*permittees*), including but not limited to MS4 jurisdictions:

- Permittees are ultimately responsible for ensuring that all of their permit restoration goals are met within the specified time limit
- Permittees are allowed to treat a portion of their impervious area restoration requirement through trading with point and/or nonpoint sources
- Point and nonpoint source credits can be acquired at any time during the permit term to contribute to a permittee's restoration requirement
- Permittees are subject to retirement and other ratios during each trade as described by the Trading Manual
- MS4 jurisdictions must report the number of acquired credits and the source of the credits in annual reports submitted to MDE
- Industrial stormwater permittees must report all credit acquisition at the time of acquisition to the Industrial and General Permits Division consistent with the terms of their discharge permit
- Permittees must acquire credits in perpetuity or replace expired term credits under approved trades with new credits and/or eligible stormwater management BMPs of equivalent impervious acres to maintain the level of restoration achieved in previous years

## **2. Eligibility Requirements**

Regulated MS4 jurisdictions or industrial stormwater permittees are eligible to acquire credits if no outstanding permit violations exist that necessitate the involvement of the Maryland Attorney General's Office and the jurisdictions demonstrate to MDE that they are working toward meeting all other permit requirements.

## **3. Credit Requirements**

The following requirements apply to all acquired credits:

- Permittees must acquire/purchase the equivalent number of credits for all three pollutants (nitrogen, phosphorus, and sediment) to count toward one impervious acre of restoration
- Agricultural credits acquired by a stormwater permittee shall meet all MDA requirements for certification and verification and the trade must be recorded in the online registry
- Plans by stormwater permittees to utilize performance credits generated by wastewater point source permittees must be formalized through modification of the point source discharge permits

## **4. Applying Trading to Stormwater Restoration Requirements**

All Phase I MS4 jurisdictions, and a subset of industrial stormwater permittees, have impervious area restoration requirements. Under MDE's Trading Manual, and new regulations or MS4 permits, a portion of each jurisdiction's impervious area restoration requirement can be met through the purchase of agricultural nonpoint source or wastewater point source credits. As is shown in the

table below, an estimated total of 195,504 impervious acres are untreated, a portion of which may be achieved through trading. These numbers are shown here for illustrative purposes only and may change as further information on impervious surface estimates is received and approved by MDE.

**Table 1. Example: Phase I MS4 Impervious Area Restoration Requirements**

Phase I MS4 Permittee	Untreated Impervious Area* (acres)
Anne Arundel	29,311
Baltimore City	21,455
Baltimore County	30,180
Carroll	6,720
Charles	7,048
Frederick	6,725
Harford	9,413
Howard	10,222
Montgomery	18,884
Prince George's	30,525
SHA	25,021
<b>TOTAL</b>	<b>195,504</b>
*Impervious acres are estimates based on approved or pending MS4 impervious area estimates and are for illustrative purposes only.	

MDE has developed a method in the Accounting Guidance to relate the reduction in pollutant loads from new and alternative treatment practices into an equivalent impervious acreage. For this Trading Manual, the load calculations from the Accounting Guidance have been updated to reflect new information provided in the CBWM version 5.3.2 and are to be used in estimating the number of credits needed.

The impervious area equivalent method is based on the difference in pollutant load, or the Delta, between one acre of urban impervious runoff and one acre of forested runoff. For example, when one acre of impervious land is converted through treatment to the equivalent of one acre of forested land, 12.26 lbs/acre/year of TN runoff is reduced at the Edge of Stream (EOS), (see Table 2 below). Because one agricultural credit, which can be generated by a variety of agricultural practices described in Section IV, is equivalent to one lb/acre/year of TN or TP, or one ton/acre/year of TSS, one equivalent impervious acre of restoration is achieved through acquiring 12.26 TN credits, 1.62 TP credits, and 0.53 TSS credits. The MS4 or industrial permittee must purchase the equivalent number of credits for all three pollutants listed below to count toward one impervious acre of



restoration.

**Table 2. CBP Pollutant Loads for Impervious and Forest Cover**

Parameter	Impervious (lbs/acre/yr)	Forest (lbs/acre/yr)	Delta (lbs/acre/yr)
TN	15.34	3.08	12.26
TP	1.70	0.08	1.62
TSS	0.56*	0.03*	0.53*

\*TSS is calculated in tons/acre/yr.

Source: CBWM 5.3.2 Maryland statewide average urban loading rates without BMPs provided by the Science Services Administration (SSA), MDE, 2015.

## 5. Trading Ratios

The following trading ratios will apply to the trading of credits to stormwater permittees, depending on whether agricultural or point source partner is involved:

- Agricultural Retirement Ratio = 10%
- Point Source Retirement Ratio = 5%

The table below illustrates the estimated total number of credits, based on the impervious acre equivalent of 12.26 lbs of TN, 1.62 lbs of TP, and 0.53 tons of TSS, that are needed to treat all untreated impervious surfaces, a portion of which may be achieved through trading.

**Table 3. Estimated Total Number of Credits Needed to Treat All MS4 Untreated Impervious Areas**

Phase I MS4 Permittee	Untreated Impervious Acres <sup>1</sup>	TN Credits (lbs)	TP Credits (lbs)	TSS Credits (tons) <sup>2</sup>
Anne Arundel	29,311	359,353	47,484	15,535
Baltimore City	21,455	263,038	34,757	11,371
Baltimore County	30,180	370,007	48,892	15,995
Carroll	6,720	82,387	10,886	3,562
Charles	7,048	86,408	11,418	3,735
Frederick	6,725	82,449	10,895	3,564
Harford	9,413	115,403	15,249	4,989
Howard	10,222	125,322	16,560	5,418
Montgomery	18,884	231,518	30,592	10,009

Prince George's	30,525	374,237	49,451	16,178
SHA	25,021	306,757	40,534	13,261
<b>TOTAL</b>	<b>195,504</b>	<b>2,396,879</b>	<b>316,716</b>	<b>103,617</b>
<sup>1</sup> Impervious acres are estimates based on approved or pending MS4 impervious area estimates and are for illustrative purposes only.				
<sup>2</sup> TSS credits are reported here in tons per year; a calculation must be made to convert to credits in pounds per year.				

## 6. Ensuring Local Water Quality; Defining Trading Areas

Based on the principle of protecting local water quality, it is recommended that MS4 jurisdictions or industrial permittees purchase credits in the following priority order:

- 1) Credits generated within a local watershed under the State TMDLs
- 2) If sufficient credits are not available under 1, the credits generated within the regulated MS4 jurisdiction's boundary may be used
- 3) If sufficient credits are not available under 1 or 2, then credits generated within any eight-digit watershed that extends beyond the regulated MS4 jurisdiction's boundary may be used, and
- 4) If sufficient credits are not available under 1, 2, or 3, then credits generated within the MS'4s or industrial permittees' Maryland Trading Region may be used

## 7. Verification Procedures

### Agricultural Credits

MDA requires annual or bi-annual verification via the State or an approved verifier for each credit generating agricultural BMP. Also, an audit will be performed by MDA of at least 10 percent of all agricultural credits generated in any year. Additionally, SSA provides quality assurance checks while collecting, compiling and submitting agricultural nonpoint source BMP data to the Chesapeake Bay Program. Finally, MDE's WMA will require regulated MS4 jurisdictions and industrial permittees to produce proof of agricultural credit purchases by providing information on the number of acquired credits, MDA's certification of these credits, and locations of BMPs. This documentation must be recorded, tracked, and clearly posted on the web-based registry as part of the public transparency protocols.

### Wastewater Point Source Generated Credits

Stormwater permittee credit transactions with wastewater point source credit generators will be formalized through modification of the wastewater permit that is to provide point source credits for the stormwater permittee. The wastewater point source permit shall require that the permittee report annually to the Department demonstrating the level of the reductions it has achieved beyond the facility's applicable performance baseline, as verified by the facilities' permit-required monitoring of the effluent discharges, and demonstrated on the facilities' certified discharge monitoring reports. Credits generated by wastewater point sources will be verified by MDE's WMA via standard permit

compliance protocols. Additionally, the stormwater permit holders using this option shall submit copies of modified WWTP permits and the required WWTP annual demonstration report in as part of required stormwater permit annual reports.

## **8. Compliance**

As explained in the section " Eligibility Requirements ", regulated MS4s or industrial permittees are eligible to purchase credits only if no outstanding permit violations exist and jurisdictions demonstrate to MDE that they are working toward meeting all other permit requirements. In the event of default by another source generating credits, the permittee using those credits are responsible for complying with permit requirements that would apply if the trade had not occurred. Permittees that do not maintain compliance with all conditions of their permits are subject to MDE's enforcement procedures in accordance with Part V of Subtitle 3 of Title 9 of the Environment Article of the Annotated Code of Maryland.

## **9. Public Outreach and Stakeholder Involvement**

All credit transactions by the regulated MS4 jurisdictions will be reported in annual reports submitted to MDE as required under the MS4 permit. Each jurisdiction is required to make these reports available to the public by posting them on the jurisdiction's website. Credit acquisition by industrial stormwater permittees will be reported in accordance with the Industrial Stormwater permit requirements.

## Section IV

### Agricultural Credit Generation and Acquisition Guidelines

#### Background

Section I of this Trading Manual outlines Guiding Principles for Trading in Maryland and delineates Key Provisions, which apply to all sources and trading partners. Section IV uses the 2008 Phase II–A and Phase II-B Policy and Guidance documents as the basis for describing Key Principles and policy to provide guidance governing the generation and exchange of agricultural nutrient and sediment credits. The two initial documents have now been combined to provide essential information on the requirements and procedures for participating in trading with agricultural nonpoint source partners. It is anticipated that the water quality trading with the agricultural community will provide financial incentives to farmers and landowners, who would be the credit generators and sellers, for the implementation of additional practices to prevent and/or reduce runoff and emissions. The potential users, or the buyers of agricultural credits, would be public and private entities, regulated and non-regulated sources, and other interested watershed stakeholders. This section is both an extension and an integral part of the Maryland Trading Policy.

#### Maryland Nutrient Trading/Tracking Tool (MNTT)

Maryland's agricultural trading program is a performance, not a practice-based, program. To quantify credits and facilitate trading with agricultural operators and landowners, MDA developed the Maryland Nutrient Trading/Tracking Tool (MNTT), which is a state-specific version of the calculation component incorporated into the web-based trading platform known as the Chesapeake Bay Nutrient Trading/Tracking Tool (CBNTT). This Maryland-specific calculation tool is utilized to determine baseline compliance, estimate nutrient and sediment loads and reductions, and compute credits generated by agricultural BMPs. The use of the MNTT for agricultural trades is mandated by regulation and it can be found on the Maryland Nutrient Trading Program website, [www.mdnutrienttrading.com](http://www.mdnutrienttrading.com).

#### 1. Key Principles

In addition to Guiding Principles and Key Provisions which are delineated in Section I and apply to all trading parties, the following Key Principles specifically apply to the generation and sale of agricultural nutrient and sediment credits:

- Agricultural credit generators must be in compliance with all local, state, and federal laws, regulations, and programs
- Nitrogen, phosphorus, and sediment baselines are calculated and treated individually. Any generator of agricultural nonpoint source credits must first demonstrate that baseline water quality requirements for the watershed have been met

- The entire farm tract in aggregate must meet the more stringent of the applicable Bay TMDLs for each watershed or the State TMDLs that has been adopted for an impaired waterbody
- BMPs funded by federal or state cost-share or county mitigation banking programs cannot be used to generate credits during the contractual life span of the practice
- Water quality trading is not intended to accelerate the loss of productive farmland. Therefore, credits will not be generated under this policy by taking whole or substantial portions of farms out of production solely to provide nutrient credits for use off site
- An agricultural practice can generate credits only when it has been verified as installed or placed in operation

## 2. Eligibility

### 2.1 Eligible Participants

Eligible generators and sellers include the following:

- Owners of agricultural operations
- Renters or lessees who can demonstrate permission from the owner to generate and sell credits for the term of the credit certification
- Aggregators and brokers who can demonstrate permission from the owner to submit credits for certification and/or sell nutrient and sediment credits
- Parties engaged in removing agricultural nutrients from the environment able to demonstrate permission by the owner to conduct such removal activities
- Maryland state entities

### 2.2 Eligibility Requirements

Determination of eligibility is a two-step process. The first step consists of an assessment of eligibility to trade and the ability to generate credits above the baseline requirements. The second step involves the certification, verification, and registration of credits. In order to be eligible for participation, agricultural operations need to meet the following prerequisite in addition to those listed in Section I:

- Must have a current Nutrient Management Plan (NMP), an implemented Soil Conservation Water Quality Plan (SCWQP), and, if applicable, a Waste Management System Plan (WMSP) or a Comprehensive Nutrient Management Plan (CNMP)

## 3. Agricultural Baselines

Owners and/or operators of agricultural entities wishing to generate credits are required to have achieved a level of nutrient or sediment reduction known as a baseline.

### 3.1 Baseline Requirements

Baselines are applied to the crop or pasture fields being used to generate credits. To establish baseline compliance, a seller must first achieve the more stringent of:

- a) The annual Chesapeake Bay TMDL allocations for agriculture in the applicable basin, or
- b) The annual State TMDL allocations adopted for the watershed segment where the credits are generated.

An agricultural operator/landowner has to ensure that the entire farm operation in aggregate has achieved the appropriate loading rate. Any animal confinement area must be in compliance with specific practice-based requirements in order for the whole tract to meet baseline.

### 3.2 Baselines as Annual Loading Allocations

Baselines, or numeric per-acre annual loading allocations, for each of the State's five major basins are determined by the calculation of nitrogen, phosphorous, and sediment EOS loads (in pounds per acre) derived from the CBWM 5.3.2. State TMDL load reductions for impaired watersheds are established by MDE.

### 3.3 Individual Nitrogen, Phosphorus, and Sediment Baselines

If baseline is met for one pollutant, credits can be generated and traded for that one pollutant, nutrient or sediment, even if the baselines for other pollutants are not met.

### 3.4 Eligible Practices

Any combination of current documented agronomic practices and existing adopted and installed structural BMPs in the Bay Program-approved Category I (see 4.1 and "Credit Generating Practices" below) can be utilized to meet baseline load reductions. Category 2 practices required by regulation also will be applied to baseline calculations. Baseline requirements may necessitate the implementation of additional BMPs to achieve needed load reductions.

### 3.5 Use of the Maryland Nutrient Trading/Tracking Tool

Determination of whether the agricultural operation has reached the target per-acre loading shall be made using the MDA-approved, performance-based calculation tool (MNTT) available online at the trading program's website.

## 4. Credit Generation

Once it has been determined that baseline requirements for the watershed have been achieved, the implementation of additional water quality improvements can produce tradable credits. Detailed

below are the guidelines for the generation of agricultural credits.

#### 4.1 Generation of Tradable Credits

Tradable credits can be generated from any Category I planned agronomic, land conversion, or structural practice, which is shown to reduce nutrient and sediment loadings below the applicable baseline. Credits will be determined using BMP efficiency rates that utilize the latest scientific and technical information and are derived from the CBWM. Consistent with the CBWM, multi-year projects with variable credit production capacity will be assumed to generate credits that reflect average annual performance. MDA's approval will be contingent on the review of all aspects of the credit generation proposal and methods, as well as calculations for determining nutrient reductions from activities that decrease nutrient application, increase nutrient uptake and retention, or result in net export of nutrients from the watershed.

#### 4.2 Duration of Credits

A practice can generate credits only when it is installed and functioning. Credits may be certified for more than one year and the number of years a credit is valid will be included in the credit registration.

#### 4.3 Application of Credits

Credits may only be applied in the year in which they are generated and cannot be banked for future years.

### 5. Credit Generating Practices

Agricultural credit-generating practices include BMPs in three categories. At present, only those in Category 1 may be used to generate credits. All practices must be installed and maintained according to U.S. Department of Agriculture (USDA)/Natural Resource Conservation Service (NRCS) or MDA's approved specifications and standards.

#### 5.1 Category 1 Practices: BMPs with the Bay Program-Approved Load Reductions

Category 1 practices are those currently in widespread use in the Chesapeake Bay watershed. They have well-documented installation and maintenance specifications and well-established and understood removal efficiencies. These practices have received rigorous peer review by the CBP, and their efficiencies have been incorporated into the CBP loading and water quality models. They also are incorporated into the online calculation tool, which will apply their appropriate loading rates. Table 1 below lists all "Approved BMPs" currently in this category.



### Agronomic Practices

Credits can be generated from existing or planned Category 1 agronomic load reduction practices that do not count toward the baseline requirements. Such agronomic practices reduce or minimize runoff or air emissions, and examples include reductions in nitrogen fertilizer application, precision agriculture, cover crops, and no-tillage. Since these practices must be done every year to generate credits, they are considered annual practices for the year they are employed, regardless of what year the practices were first initiated.

### Structural Practices

Planned structural Category 1 practices may generate credits and may generate them over multiple years as long as they are properly maintained. Such practices reduce or minimize nutrient or sediment loss through the construction or installation of physical edifices, barriers, or systems to trap, block, or filter pollutants and examples include manure sheds, grassed waterways, and constructed wetlands. Credits can be generated from existing structural investments that do not count towards the baseline requirements if the structure was funded through state or federal cost-share or county mitigation programs but has exceeded its “funded lifespan,” i.e. the standard NRCS structural lifespan or Maryland agricultural cost-share (MACS) requirement, and is now being maintained by the owner/operator at his own expense. These latter structural practices will require inspection to ensure that they have been properly maintained and are still functioning effectively.

### Agricultural Land Conversion

Credits can be generated from the conversion of several types of agricultural land to a less nutrient-intense land use. Examples include riparian forest buffer, riparian grass buffers, wetlands, and conversion to alternate crops. Credits cannot be approved for the idling of whole or substantial portions of productive farm for the sole purpose of providing nutrient credits. Credits can only be generated for conversions that do not count towards the baseline and meet all the eligibility criteria of a structural practice.

## 5.2 Potential Future Trading Options

### Category 2 Practices: BMPs Requiring Technical Review

Category 2 practices are currently in use in the Chesapeake Bay watershed but require additional scientific and technical review to ascertain appropriate installation and maintenance specifications and removal efficiencies. MDA and its Technical Review Committee reserve the right to adjust the uncertainty ratio applied to these practices to reflect a higher degree of uncertainty in performance. Some of these practices may be in the initial stage of the CBP peer review process and already may have been given interim efficiencies. Practices in this category are also listed in Table 1 below.

Category 3 Practices: Other BMPs

Category 3 practices are new technologies or innovative BMPs that are not yet in widespread use and for which no recognized estimates of removal capacity exist. These practices will be examined by MDA and the Technical Review Committee to ascertain appropriate specifications and determine an appropriate uncertainty ratio. The use of any BMP in this category will require submission of a credit proposal that details project installation, operation, maintenance, and monitoring. Practices that fall into this category are listed in Table 1 below.

Category 2 and 3 practices will be reviewed on a case-by-case basis and may include requirements for demonstration projects, the collection of sufficient data to evaluate results, and any other information needed to determine the validity of the credits. In some cases, development of the specifications and certification of the credits in these categories could be a multi-year process.

**TABLE 1. TRADEABLE BMP'S**

<b>Category 1 BMPs with Approved Load Reductions</b>	<b>Category 2 BMPs Requiring Technical Review</b>	<b>Category 3 Other BMPs Requiring Technical Review</b>
Riparian/Conservation Forest Buffers	Phosphorus Sorbing Materials	Bioreactors
Riparian/Conservation Grass Buffers	Oyster Aquaculture	Greenseekers
Wetland Restoration	Algal Turf Scrubbers	
Tree Planting	Floating Wetlands	
Water Control Structures	Irrigation Management	
Stream Restoration	Manure Management	
Horse Pasture Management		
Cover Crops (Early and Late Planting)		
Commodity Cover Crops		
Alternative Crops		
Cropland Conversion		
Dairy Precision Feeding		
Precision Grazing		
Decision Agriculture		
Enhanced Nutrient Management		
Conservation Tillage		
Continuous No-Till		
Animal Waste Management: Livestock		
Animal Waste Management: Poultry		
Barnyard Runoff Control		
Loafing Lot Management		

Table 1 represents the most current list of practices for credit generation. This list is not inclusive

and will be modified as needed.

## 6. Trading Ratios

Trading Ratios are used in determining the credits that can be derived from nutrient reduction activity. The following ratios are applied to agricultural credit calculations.

### 6.1 Delivery Ratios and Factors

For agricultural nonpoint sources, two types of Delivery Ratios are applied. The MNTT will automatically apply the appropriate ratios during the credit calculation process.

#### Edge of Segment Delivery Factor

The EOS load is the amount of land-applied nutrients expected to reach the surface waters at the boundary of the watershed model segment through surface runoff, groundwater flows, and atmospheric deposition. The EOS delivery factor represents an adjustment between the edge-of-field nutrient load as calculated by USDA's national Nutrient Tracking Tool (NTT) and the edge-of-segment load as defined by the CBWM.

#### In-Stream Delivery Factor

The in-stream delivery factor represents the pollutant effect of the reductions between upstream and downstream points and is largely the function of the distance from the edge of the watershed segment to the fall line of the Chesapeake Bay. This factor is derived directly from the CBWM.

### 6.2 Uncertainty Ratio

Uncertainty ratios are used to compensate for possible discrepancies in the relationship between credit generation models and actual resulting pollution reductions resulting from various BMPs. The discounted efficiencies of eligible BMPs in the CBWM are automatically applied by the MNTT.

### 6.3 Retirement Ratio

The retirement ratio applies to all agricultural credits at the time of sale and will be set at 10 percent.

## 7. Agricultural Credit Certification Process

The completion of a Maryland Agricultural Nutrient Credit Certification and Registration Form (CCR), (Attachment A), is necessary to enable MDA to review all aspects of the credit generation proposal and to ensure that the existing farm conditions and proposed enhancements will meet the

requirements of the trading program. CCR forms can be downloaded from the Maryland Nutrient Trading Program website ([www.mdnutrienttrading.com](http://www.mdnutrienttrading.com)). The completed form and all other required information should be submitted to the Maryland Department of Agriculture, 50 Harry S. Truman Parkway, Resource Conservation, Annapolis, MD 21401 Attention: Nutrient Certification Program.

### 7.1 Application/Credit Review

A person who applies to MDA for approval of agricultural nonpoint source nutrient or sediment credits must submit the following:

- A complete and signed CCR form
- A copy of the Farm Summary Worksheet generated by the MNTT
- A copy of the current NMP
- A copy of the current SCWQP with a map identifying the location and boundaries of the operation and showing field identification numbers, field acreage, and the location of BMPs
- The specifics of any credit generation proposal

MDA will review applications to verify that:

- Generator is eligible to sell credits
- All legal and regulatory compliance requirements are met
- Baseline requirements are met
- All credit generating improvements qualify for certification
- The landowner and the operator have consented in writing to all of the requirements and the waiver of confidentiality for any information submitted to MDA, including but not limited to the operator's NMP and SCWQP
- Credit calculations and all other information, are correct, and
- Necessary identifying and USDA/FSA tract information has been provided

## 8. Verification

### 8.1 Initial Verification and Approval of Credits

MDA or its designee shall visit the farm operation to verify that the baseline requirements are met and that the applicant's credit generation proposal is effective and appropriate for reducing the discharge of nutrients and/or sediment from the farm. In addition, credit certifications pending implementation of a BMP or other improvements are subject to further inspection to verify that the proposed generating practice is in place and functioning properly before final certification is granted.

Proposals for improvements for generating credits will be reviewed by MDA, and may include

requirements for:

- Demonstration projects
- Collection of sufficient data to evaluate results, and
- Any other information needed to determine the validity of the credits

In some cases, as noted in 5.2 above, development of the specifications and certification of the credits could be a multi-year process.

Once verification is complete, MDA:

- May issue a pre-certification of credits based on pending implementation of the proposed improvements
- May request more information and/or require a technically proficient and certified third-party verifier to conduct an on-site examination prior to the final certification of credits.
- May require additional contractual obligations and/or direct monitoring to ensure the load reductions are met

MDA shall only certify credits once the practice or practices generating those credits are installed and fully operational. All back-up documentation shall be maintained for a minimum of 10 years.

Upon completion of the review and approval of any application for agricultural nutrient and sediment credits, MDA will:

- Assign each credit a unique registration number, which will be recorded in the online registry
- Track each registered credit

For projects not meeting MDA's certification standards, MDA will:

- Return documents which do not meet credit certification standards to the applicant with the reason(s) for non-approval
- Document the basis for denying an application and provide this information in writing to the applicant

As required by law, all records concerning the certification of credits shall be maintained by MDA and shall be made available for public review in accordance with requests made under the Maryland Public Information Act.

## 8.2 Annual Verification and Reporting

All trades involving agricultural credits certified by MDA require, at minimum, annual credit verification and reporting. Inspections will be scheduled as appropriate to practice type. An MDA-approved verifier who does not hold an interest in the agricultural operation generating the credits

or was not involved in the original application or qualification of the credits is eligible to perform inspections for the buyer. Following the site visit to the agricultural operation, the verifier shall provide the following to MDA:

- Information as required on a Verification Report form, and
- Information following an inspection and review of the records for the agricultural operation including:
  - Review of the current NMP and documentation that it continues to be implemented in accordance with MDA's regulations
  - Review of the current SCWQP and documentation that it continues to be implemented and addresses all nitrogen, phosphorus, and sediment runoff and emission issues as specified
  - Documentation that the agricultural management and BMPs implemented continue to meet baseline compliance and that all credit generating practices continue to be operated and maintained in accordance with NRCS standards and the terms of the trading contract, and
  - Confirmation that no deficiencies exist and no corrective measures are needed or a detailed description of deficiencies and required corrective actions.

MDA and MDE, the buyer and the seller, and the owner and/or operator shall receive a copy of the report prepared by the verifier conducting of any inspection and records review within 30 days. MDA may issue a corrective action order which allows a time period for repairs or other remedies to bring any deficiencies into compliance. MDA may require additional inspections and written substantiations that corrective measures have been taken. Any such action(s) by MDA does not preclude MDE from exercising its authority when agricultural credits are incorporated into issued discharge permits.

Within 30 days of receiving a copy of the report, an owner or operator may dispute information in the report that owner or operator believes is in error or does not accurately represent the condition or management of the operation and may address these concerns by writing to MDA with a copy to the verifier.

### 8.3 Departmental Review

MDA shall schedule site reviews and records inspection on at least 10 percent of all traded credits. MDA will assign an approved verifier who meets the same requirements as in 8.2 above.

### 8.4 Verification Process Protocols

Verifiers approved by MDA to conduct interim inspections and reviews shall:

- Contact the operator in advance of the inspection to make an appointment so the operator or his representative can be present and have records available for the review
- Present a photo identification at the time of the inspection as proof of credentials, and

- Adhere to all biosecurity and other measures necessary to protect health and safety at the operation

An owner or operator may dispute information in the report that the operator believes is in error or does not accurately represent the condition or management of the operation and may address these concerns in writing to MDA and copying the verifier within 30 days of receiving a copy of the report.

MDA may conduct an investigation that may include additional inspections to determine the actual condition and management of the operation.

### 8.5 MDA Approved Verifiers

MDA shall maintain a list of approved verifiers who:

- Meet MDA's qualifications as described below
- Do not hold an interest in the agricultural operation generating certified credits and are not the same individuals who conducted either the assessment or verification of the operation at the time of application

### 8.6 Verifier Approval Protocol

An individual may not be approved to act as a verifier unless the individual meets the following requirements:

- Education and experience
- Training, and
- Continuing education

MDA may approve a verifier who meets the following eligibility requirements:

- Has three (3) or more years of experience developing SCWQPs or qualifies as a USDA/NRCS Conservation Planner, Level II
- Is certified in Maryland to prepare NMPs, and
- Has completed MDA's training in the use of the MNTT

A verifier may only remain eligible to perform verifications by completing at least 6 hours of MDA's approved training within the first year, and 12 hours thereafter every three years.

After the opportunity for a hearing, MDA may deny, suspend, or revoke the approval of any verifier who:

- No longer meets eligibility requirements
- Violates any of the regulatory requirements of this chapter



- Provides MDA with any misleading, false, or fraudulent report
- Fails to promptly provide any report or any record required to be kept
- Fails to meet the continuing education requirements for verifiers
- Is determined to be negligent or incompetent, or
- Fails to act in such a manner that MDA determines provides other good cause to deny, suspend, or revoke approval

## 9. Enforcement

### 9.1 Suspension or Revocation of Credit Certification

MDA may suspend or revoke certification of an agricultural nonpoint source nutrient credit for any violation of Title 8, Subtitle 9 of the Agriculture Article, Annotated Code of Maryland, or the following:

- Failure to adopt or install any practice or activity certified pending implementation in conformity with standards and specifications or to differ substantially from the original credit generation proposal
- Failure to maintain any practice or activity as required by the operation's SCWQP
- Failure to take timely steps to remedy any deficiencies reported by the verifier, in response to a corrective action order by MDA, or as a result of MDA's review
- Failure to continue to meet baseline
- Failure to sell credits during their certified lifespan, and
- Performance of any other action or failure to act in such a manner that MDA determines provides other good cause to suspend or revoke the certification

MDA will initiate the decertification process with a corrective action order and will notify MDE of the intent to decertify credits. Failure to resolve the situation in a timely manner and pass re-inspection will result in the issuance of a decertification notice from MDA to the registered credit owner, MDE, and all other affected parties. Notice of decertification will also be published on the trading program website.

An owner or operator may dispute findings of violations or failures by requesting an opportunity to be heard in writing to the Secretary of Agriculture within 30 days of receiving notice. Suspension or revocation of credit certification does not preclude any other punitive action that may be taken by another public or private entity.

## **Section V**

### **Credit Market Structure**

Section V describes the conduct of trades and provides information and guidance on the trading infrastructure, the use of intermediaries, and other elements related to trading. Most of this material was developed in the drafting of the Phase II-B policy and guidance document.

#### **1. Trading System**

Trading in Maryland is based on a voluntary, free market system. The State provides the infrastructure (see “Trading Infrastructure” in 3. below) to support trading but does not set prices nor transact trades. The marketplace component of the online trading platform enables participants to post and track available or needed credits, but the actual exchange of credits is conducted through permits and/or individual agreements between the buyer and the seller. Separate markets are maintained for nitrogen, phosphorus, and sediment, and the three pollutants may be traded independently or in any combination.

#### **2. Credit Pricing**

Credit prices will be determined by the open market through the forces of supply and demand and negotiations between the buyer and the seller. Prices will be a function of these market activities and will not be set by the State or any other entity not party to the trade.

#### **3. Trading Infrastructure**

To facilitate trading in the Chesapeake Bay, MDA collaborated with MDE and the states of Pennsylvania and Virginia to develop a web-based trading platform with five components known collectively as the Chesapeake Bay Nutrient Trading/Tracking Tool (CBNTT). The CBNTT was built on the World Resources Institute’s NutrientNet suite of tools and is comprised of an agricultural assessment tool, a registry, a marketplace, an administrative module, and an interactive mapping feature. All components of the CBNTT can be accessed through the trading website, [www.mdnutrienttrading.com](http://www.mdnutrienttrading.com) or directly at [www.cbntt.org](http://www.cbntt.org).

##### **3.1 Agricultural Assessment Tool**

The Maryland Nutrient Trading/Tracking Tool (MNTT) is a state-specific version of the online calculation tool that incorporates both Chesapeake Bay Watershed Model input and county-specific agronomic data from the national NTT developed by USDA/NRCS. The use of the MNTT is mandatory for determining agricultural baseline eligibility and credit generation capacity.

### 3.2 Registry

The central online registry is a database system employed to document, catalogue, and track term and permanent credits and completed trades. The registry has been designed to track and display credit-generating projects, verification activities, credits, trades, and credit usage records. Each credit entered in the registry has a unique serial number that remains associated with the credit throughout its lifespan as it is issued, traded, and applied. The registry can accommodate both EOS and delivered credits and apply customized trading ratios as necessary.

The registry also serves as a transparent, easily accessible medium for conveying relevant information about credits and trades to all interested parties and the public at large. Besides displaying the information noted above, search functionality provides the capability to summarize data by various parameters, including credit term, pollutant type, trading basin, year, and permit type or number. Public users do not need to open an account to access the registry, but individuals and entities involved in trading, such as aggregators, brokers, verifiers, or jurisdictions, can establish accounts to manage the entire process, from the submission of a proposed project for administrative or technical review to the notification of credit use by the buyer.

### 3.3 Marketplace

The marketplace serves as central location, accessible either directly on the trading website or through the registry, to assess trading activity, post available credits or credit needs, and exchange information between potential trading partners. Credit sellers may create listings linked to their accounts to display offers while buyers may solicit credits and advertise bids. The marketplace affords a convenient setting for both parties to negotiate prices and trading terms, but its use is not required. Whether the online marketplace plays a role or not, the actual transaction, as noted above, takes place off line between the seller and the buyer.

### 3.4 Other Components

The administrative module is available only to designated agency or jurisdiction staff and can assist them in the supervision of the overall program and the generation of relevant reports. The interactive mapping feature is used by the assessment tool to delineate field or parcel boundaries and retrieve and forward allied information through the platform interface.

## 4. The Role of Aggregators and Brokers

Trading may take place between any combination of eligible parties, whether public or private, described earlier in this Section I, 2.8). Although sellers and buyers may trade directly, the State recognizes that aggregators and brokers can play a valuable role in trading when credit purchases entail multiple sellers and/or permitted entities. An individual or an entity may function as either an aggregator or a broker and may act as one or the other depending on the circumstances of the trade. Generally, an aggregator funds, owns, assembles, and manages credits resulting from a number of

practices and/or projects. The aggregator may, in turn, sell credits from a single project or from projects pooled together. The aggregator either will have negotiated the right to own credits or will have purchased credits that already have been certified. Alternately, a broker does not own the credits but simply matches credit sellers and credit buyers and helps to negotiate trades between them. This distinction is particularly important because when an aggregator is involved, the buying entity will enter into an agreement directly with the aggregator while when dealing with a broker, the buying entity will enter into an agreement with the underlying credit generator and not the broker (See Trading Involving Permitted Entities in 5.2 below).

Any individual or entity wishing to acquire and/or sell credits and act as an aggregator and/or a broker must meet the following requirements:

- Compliance with all applicable federal, state, and local laws, requirements, and programs
- Demonstration of the ability to acquire and deliver sufficient credits from one or multiple projects or sites to cover both the sale and any reserve requirements
- Provision of written permission by the credit generator to resell credits
- Documentation that the credit generator meets all compliance and eligibility requirements

## **5. Liability and Risk**

### **5.1 Liability and Protection Against Loss**

Since credits are estimated pollution reductions and credit suppliers can be subject to a variety of factors outside of their control, credit purchasers have an interest in protecting themselves from credit failure or default in a trade. Usually, permits and/or contractual agreements (see “Contracts” in 6. below) between the trading partners provide the necessary protection.

### **5.2 Trades Involving Permitted NPDES Entities**

It is anticipated that some of the demand for credits will come from permitted sources and will require trades to be incorporated into an NPDES permit. Under the CWA, the responsibility for meeting all permit requirements rests solely with the permittee. The liability for any violation, including noncompliance with the trading provisions of a permit and failure of the credit supplier to produce the required quantity of credits, remains with the permittee, and any necessary enforcement action will be taken against that entity. Since liability cannot be transferred, the permittee’s agreement with a credit supplier is likely to include provisions to address credit supplier violation of terms or failure to produce the required quantity of credits. These provisions may include monetary compensation and/or delivery of alternate credits.

### **5.3 Trades Not Involving Permitted Entities**

For all other trades, agreements between trading partners also should contain provisions for dealing with the violation of contract terms or credit failure. In the event of default by a credit supplier to a

non-permitted entity, the contract is the legally enforceable vehicle for imposing monetary damages or other forms of relief.

## 6. Contracts

MDE and MDA do not impose specific contract provisions and the use of standardized contracts is not required. In drawing up a contract, however, liability and other substantive issues involved for both the seller and the buyer should be fully delineated and understood. Any proposed contract should be reviewed by legal counsel before signing. Typical contracts should contain the elements enumerated below:

- Identification and contact information of the parties, with signatures
- Location of credits
- Duration of the contract in years
- Quantity of credits to be exchanged in each year of the contract
- Method(s) of credit generation
- Credit prices
- Obligations of the seller, including agreement to:
  - Supply sufficient credits
  - Properly maintain BMPs or other specified facilities
  - Allow regular inspections
  - Comply with all applicable federal, state, and local requirements
  - Continue to meet and maintain baseline compliance
- Obligations of the buyer, including agreement to:
  - Perform required inspections, and if needed, through a certified third party
  - Provide annual inspection reports to MDE, MDA, and other interested parties
  - Purchase additional credits necessary to meet mandated retirement ratio
  - Make prompt payment based on contract provision
- Provisions for violation of the contract terms, including monetary compensation and/ or delivery of alternate credits

In addition to the above, the parties may add supplementary elements to address individual requirements or preferences. The confidentiality of contracts may depend on the use of the credits and whether the purchaser is a permitted entity or not.

## 7. Trade Approval

For approval of point source trades, see Section II. For trades with MS4 jurisdictions and industrial stormwater permittees, see Section III. If the trade is between a generator/seller of agricultural nutrient credits and a buyer/user not subject to a permit, MDA will provide review and enter trade into central registry. The buyer's applications for such trades shall provide specific information and include the following:

- The owner of the credits
- The purchaser of the credits, and if applicable, permit number
- The trading basin
- The time period (number of years) for the trading arrangement
- The number and type of credits to be exchanged each year during this period
- How the number of required credits to be exchanged was determined
- Source of the credits

MDA requires the submission of an approved CCR form (see Attachment A) along with the trade request. Additional information or an onsite examination may be required prior to approval of a trade. All supporting documentation shall be maintained for a minimum of 10 years. The State reserves the right to limit the quantity and type of credits bought by any entity.

## GLOSSARY

**Aggregator:** A person or entity that collects and compiles credits from individual agricultural nonpoint sources to resell them.

**Agronomic Practices:** Annual crop and/or soil practices that reduce or minimize the probability of nutrient or sediment loss into surface and/or ground waters.

**Agricultural land:** Land used to produce food, feed, fiber, sod, animals, plants, trees, or plants in containers, or for out-of-ground production. Such land has an Agricultural Use Assessment as determined by the Maryland Department of Assessments and Taxation.

**Baseline (Trading Baseline):** Pollutant control requirements, practices, actions, loading rates or levels of reductions that must be in place before credits can be generated. All credit generators and/or sellers must first meet trading baseline, as defined in the Trading Policy, before they can enter trading market and participate in a trade, exchange or sale of credit.

**Best Management Practice or BMP:** BMPs include, but are not limited to, agricultural and urban, structural and nonstructural pollution control, operation, and maintenance procedures and practices that prevent or reduce pollutants and/or mitigate flooding.

**Biological Nutrient Removal (BNR):** A biological wastewater treatment technology capable of reducing the nitrogen in wastewater effluent to no more than 8 milligrams per liter, as calculated on an annually averaged basis.

**Bubble or “Overlay” Permit:** A NPDES permit issued to a group of point source dischargers that supplements individual permits by establishing permit limits and other requirements for one or more pollutant of concern that are not fully addressed in the existing individual permits. A “bubble” or “overlay” permit is an alternative group permitting approach available to either multiple owners or single owners of multiple facilities for implementing the nutrient caps. Instead of multiple caps, one for each facility in a watershed, the central owner may elect to receive a single permit with one nutrient loading cap for all of the facilities it operates in the watershed. Technology-based treatment requirements for nutrients at each of the individual facilities may also be included in either the overlay permit or in each of the required individual permits.

**Cap:** A legally enforceable aggregate mass load limit contained in a discharger’s permit.

**Capacity Credits:** Credits generated by a WWTP by maintaining flow at less than the design flow basis on which the assigned nutrient WLA is based.

**Capacity Management Plan:** MDE’s Guidance Document to assist local governments and other community WWTP owners in Maryland to determine plant capacity and to track the remaining available capacity for allocation,



**Chesapeake Bay Watershed Model:** The Hydrologic Simulation Program used to simulate the surface water run-off, groundwater flow, and the transport of nutrient and sediments to the Chesapeake Bay.

**Credit or Pollutant Reduction Credit:** A measured or estimated unit of pollutant reduction per unit of time at the discharge location that can be generated and sold or exchanged in a trade. A credit is a unit of trade equal to one pound per year of nitrogen, phosphorus, or sediment adjusted to account for applicable trading ratios. A credit is created by a credit generator, in accordance with provisions and requirements of the Trading Policy, by controlling its discharge beyond what is needed to meet its baseline.

**Credit Generators/Sellers:** Sources that reduce pollution above and beyond their baseline requirements, and generate credits that can be exchange or sold to credit users/buyers.

**Credit Users/Buyers:** Entities that acquire and/or purchase credits to meet their regulatory obligations; offset new loads; or contribute towards water quality improvements, or as a reserve, insurance against credit failures.

**Edge of Segment (EOS) Load:** The amount of land-applied nutrients expected to reach the surface waters at the boundary of a Chesapeake Bay Watershed Model segment through surface runoff, groundwater flows, or atmospheric deposition.

**Effluent Limitation Guidelines and Standards (ELGs):** A regulation published by EPA under section 304(b) of the CWA that establishes national technology-based effluent requirements for a specific industrial category.

**Enhanced Nutrient Removal (ENR):** A wastewater treatment technology that is capable of reducing the nitrogen and phosphorus concentrations in wastewater effluent to achieve permit limits equivalent to concentrations of no more than 4 milligrams per liter TN and 0.3 milligrams per liter TP, as calculated on an annually averaged basis.

**Expanded Point Source:** Point Source approved by the local government requiring a higher wasteload allocations than the nutrient wasteload allocations approved in the Bay TMDLs.

**Floating Cap:** An effluent limitation applicable to an ENR facility financed by the BRF. The floating cap is calculated at the end of each calendar year using the actual annual flow for the facility times a concentration of 4 mg/l TN or 0.3 mg/l TP and converted to units of pounds per year (lbs/yr).

**Industrial Stormwater (Stormwater Discharges Associated with Industrial Activity):** The discharge from any conveyance that is used for collecting and conveying stormwater and that is directly related to manufacturing, processing or raw materials storage areas at an industrial plant.

The term does not include discharges from facilities or activities excluded from the NPDES program under Part 122. For the categories of industries identified in this section, the term includes, but is not limited to, stormwater discharges from industrial plant yards; immediate access roads and rail lines used or traveled by carriers of raw materials, manufactured products, waste material, or by-products used or created by the facility; material handling sites; refuse sites; sites used for the application or disposal of process waste waters; sites used for the storage and maintenance of material handling equipment; sites used for residual treatment, storage, or disposal; shipping and receiving areas; manufacturing buildings; storage areas (including tank farms) for raw materials, and intermediate and final products; and areas where industrial activity has taken place in the past and significant materials remain and are exposed to stormwater. For the purposes of this paragraph, material handling activities include storage, loading and unloading, transportation, or conveyance of any raw material, intermediate product, final product, by-product or waste product. The term excludes areas located on plant lands separate from the plant's industrial activities, such as office buildings and accompanying parking lots as long as the drainage from the excluded areas is not mixed with stormwater drained from the above described areas. Industrial facilities include those that are federally, State, or municipally owned or operated that meet the description of the facilities listed in 40 CFR 122.26(b)(14). The term also includes those facilities designated under the provisions of 40 CFR 122.26(a)(1)(v). See 40 CFR 122.26(b)(14).

**Impervious surface:** Any surface that does not allow stormwater to infiltrate into the ground.

**Impervious surface area:** The total extent of all impervious surfaces.

**Minor (Non-significant) Point Source:** WWTPs with the design capacity of less than 500,000 gallons per day.

**Minor Permit Modification:** A discharge permit revision not requiring a formal public participation process.

**Municipal separate storm sewer system (MS4):** A conveyance or system of conveyances (including roads with drainage systems, municipal streets, catch basins, curbs, gutters, ditches, man-made channels, or storm drains): (i) Owned or operated by a State, city, town, borough, county, parish, district, association, or other public body...having jurisdiction over disposal of sewage, industrial wastes, storm water, or other wastes...; or (ii) Designed or used for collecting or conveying storm water;" [CFR 122.26(b)(8)].

**New Point Source:** A point source with no waste load allocations in the 2010 Chesapeake Bay TMDLs.

**Non-MS4 stormwater:** Stormwater runoff from a conveyance or system of conveyances owned or operated by a municipality or other public body not covered under a NPDES MS4 permit.

**Nonpoint Source:** A source of pollution that is not from a single point of origin or from a specific

outlet, i.e., not a point source. Diffuse pollution sources (i.e., without a single point of origin or not introduced into a receiving stream from a specific outlet). The pollutants are generally carried off the land by stormwater. Common nonpoint sources are agriculture, forestry, urban sites, mining, construction, dams, channels, land disposal, saltwater intrusion, and city streets.

**Nonpoint Source Discharge Credit** (see Credit or Pollutant Reduction Credit (Nonpoint Source Discharge Credit))

**Nutrient Reduction:** (see Pollutant Reduction)

**Offset:** 1.) n. Offsite treatment implemented by a regulated point source for the purposes of meeting its permit limit. 2.) n. Load reductions that are acquired by a new or expanding point source from other point sources, and/or nonpoint sources, or load reductions obtained through the transfer of flow from an OSDS to an ENR facility to offset the new point source discharge within an impaired watershed, such as the Chesapeake Bay or a local tributary. 3.) v. to compensate for increased loads beyond the facility's loading baseline.

**Onsite Sewage Disposal System (OSDS):** Any system that disposes of sewage effluent beneath the soil surface.

**Performance Credits:** Credits based on the difference between the existing floating cap and a floating cap based on the new adopted optimized annual average effluent concentrations. The projected new concentrations shall not be based on assumed improved performance beyond demonstrated historical performance levels unless data from similar representative facility is available and relevant.

**Regulated Phase I MS4:** A municipal separate storm sewer system owned and operated by a municipality or other public body with a population of greater than or equal to 100,000 and covered under a National Pollutant Discharge Elimination System (NPDES) MS4 permit.

**Regulated Phase II MS4:** A municipal separate storm sewer system owned and operated by a municipality or other public body with a population of less than 100,000 and covered under a National Pollutant Discharge Elimination System (NPDES) MS4 permit.

**Point Source:** An NPDES-permitted discharge to surface water from a sewage treatment plant or industrial facility

**Pollutant Reduction (Nutrient and/or Sediment Reduction):** The difference in nutrient and/or sediment discharges to surface and/or ground waters achieved by activities such as best management practices or technical upgrades, compared to the current load or the applicable baseline after meeting eligibility requirements. In addition, point sources may generate credits by maintaining flow at less than the design flow basis of the assigned nutrient WLA.

**State TMDLs (or State-established TMDLs):** TMDLs developed either by the State of Maryland alone, or in as part of a multi-jurisdictional effort (with other states or the District of Columbia).

**Registry:** A system utilized to record, manage, and track certified credits and other pertinent data.

**Regulated MS4 jurisdiction/regulated MS4 community:** A municipality or other public body or group of municipalities or public bodies covered under a Phase I or Phase II NPDES MS4 permit.

**Retirement Ratio** (see Trading Ratios)

**Significant Point Source:** A publicly-owned treatment works (POTW) or a federal or privately owned sewage treatment plant with a design capacity of 500,000 gallons per day or greater, or an industrial point source with daily discharge loadings of nitrogen or phosphorus equivalent to a significant POTW.

**Stormwater:** Water that originates from a precipitation event.

**Structural Controls (Agriculture):** Practices with multi-year life spans that are engineered and installed to meet or exceed NRCS Standards in order to reduce or eliminate the introduction of pollutants into surface and/or ground waters.

**Technology-Based Effluent Limitation (TBEL):** A permit limit for a pollutant that is based on the capability of a treatment method to reduce the pollutant to a certain concentration. TBELs for POTWs are derived from the secondary treatment regulations (40 Code of Federal Regulations Part 133) or state treatment standards. TBELs for non-POTWs are derived from national effluent limitation guidelines, state treatment standards, or on a case-by-case basis from the best professional judgment of the permit writer.

**Third Party:** Any entity or person that assist in facilitating credit exchanges and/or verifying Best Management Practices (BMPs).

**Total Maximum Daily Load:** A calculation for an impaired waterbody of the maximum amount of a pollutant the waterbody can receive and still meet applicable water quality standards

**Trading:** A transaction, the sale or other exchange, through a contractual agreement between credit generators and/or credit sellers and credit users and/or credit buyers of credits that have been authorized or certified by the appropriate State agency.

**Trading ratios:** Discount factors applied to pollutant reductions to account for uncertainty, water quality, delivery or special need concerns. The following are examples of trading ratios:

**Delivery Ratios:** Delivery Ratios apply discount factors to compensate for a pollutant's travel over land or in water (or both) and may be applied to all, point and nonpoint ,sources.

Delivery ratios generally account for attenuation (i.e., the rate at which nutrients are reduced through natural processes, such as hydrolysis, oxidation, and biodegradation, on their way through tributaries to the mainstem of the water body). The ratio varies depending on the location of the source from the mainstem. Generally, the greater the distance the pollutant has to travel, the greater the pollutant loss will be, although this is not necessarily the case for TSS. This ratio would work to equalize a trade between a source in the headwaters and one near the mainstem. This ratio is also often termed as “location ratio.” Delivery ratios will be based on information from applicable and accepted data sources, such as the CBWM.

**Retirement Ratio:** The retirement ratio represents the percentage of the total generated credits to be retired to contribute toward net water quality benefit. The retirement ratio applies to all credits generated and will be set at 5 percent (5percent) of total reductions for point sources and 10 percent (10percent) for nonpoint sources. The percent retirement ratio may be adjusted over time.

**Uncertainty Ratios:** Uncertainty ratios are intended to account for variation in the expected reliability and efficiency of the source or type of reduction being applied toward credit for another. They are calibrated to create a margin of safety or otherwise attempt to ensure that the credited practice provides a minimum level or reductions, even if actual reduction efficiencies and units removed are on the low end of an expected range. In some instances uncertainty ratios will not be employed because they are already accounted for in quantification methods. In other instances, uncertainty ratios of greater than 1:1 may be used.

**Wasteload Allocation (WLA):** The portion of receiving water’s loading capacity that is allocated to one of its existing or future point sources of pollution. WLAs implemented in discharge permits constitute a type of water quality-based effluent limitation (40 CFR 130.2(h)).

## Table of Acronyms

<b>BMP</b>	best management practice
<b>BNR</b>	biological nutrient removal
<b>BRF</b>	Bay Restoration Fund
<b>CBNTT</b>	Chesapeake Bay Nutrient Trading/Tracking Tool
<b>CBP</b>	Chesapeake Bay Program
<b>CBWM</b>	Chesapeake Bay Watershed Model
<b>CWA</b>	Clean Water Act
<b>ENR</b>	enhanced nutrient removal
<b>EOS</b>	edge of stream
<b>EPA</b>	U.S. Environmental Protection Agency
<b>GPD</b>	gallons per day
<b>LA</b>	load allocation
<b>MDA</b>	Maryland Department of Agriculture
<b>MDE</b>	Maryland Department of Environment
<b>MGD</b>	million gallons per day
<b>MNTT</b>	Maryland Nutrient Tracking Tool
<b>MS4</b>	municipal separate storm sewer system
<b>NRCS</b>	Natural Resources Conservation Service
<b>NPDES</b>	National Pollutant Discharge Elimination Systems
<b>OSDS</b>	onsite sewage disposal system
<b>POTW</b>	publicly-owned treatment works
<b>SSA</b>	Science Services Administration
<b>TBEL</b>	technology based effluent limitations
<b>TM</b>	technical memorandum
<b>TMDLs</b>	total maximum daily loads
<b>TN</b>	total nitrogen
<b>TP</b>	total phosphorus
<b>TSS</b>	total suspended solids
<b>USDA</b>	U.S. Department of Agriculture
<b>WMA</b>	Water Management Administration
<b>WIP</b>	watershed implementation plan
<b>WLA</b>	wasteload allocation
<b>WQBEL</b>	water quality based effluent limitations
<b>WWTPs</b>	wastewater treatment plants

# Attachment A



## State of Maryland Maryland Department of Agriculture Nutrient Credit Certification and Registration Form

1. Applicant Information: \_\_\_\_\_  
First Name MI Last Name  
 \_\_\_\_\_  
Company Name (if applicable) Title

2. Applicant Address: \_\_\_\_\_  
Number Street  
 \_\_\_\_\_  
Town State Zip

3. Property Information:  
 If the applicant is not the property owner or renter with control, enter the name of the owner or party in control of the property: \_\_\_\_\_  
First MI Last

4. Property Address: \_\_\_\_\_  
Number Street  
 \_\_\_\_\_  
Town State Zip

5. Property Description (optional): \_\_\_\_\_  
 \_\_\_\_\_

6. Property County: \_\_\_\_\_ Watershed: \_\_\_\_\_  
 Tract Number: \_\_\_\_\_ Watershed Segment ID: \_\_\_\_\_  
 MD Property View Acct. ID(s): \_\_\_\_\_ Latitude: \_\_\_\_\_  
 \_\_\_\_\_ Longitude: \_\_\_\_\_  
 \_\_\_\_\_

7. Total Annual Credits Generated: \_\_\_\_\_ (N); \_\_\_\_\_ (P)  
 Total Years: \_\_\_\_\_

8. Indicate BMPs that will be used to generate credits:

#	Land Conversion/Streambank BMPs	Acres	#	Field Management BMPs	Acres
<input type="checkbox"/>	Wetland	<input type="text"/>	<input type="checkbox"/>	Conservation tillage*	<input type="text"/>
<input type="checkbox"/>	Land use conversion: hay	<input type="text"/>	<input type="checkbox"/>	Continuous no-till*	<input type="text"/>
<input type="checkbox"/>	Land use conversion: grass	<input type="text"/>	<input type="checkbox"/>	Enhanced nutrient management*	<input type="text"/>
<input type="checkbox"/>	Land use conversion: forest	<input type="text"/>	<input type="checkbox"/>	Decision agriculture	<input type="text"/>
<input type="checkbox"/>	Land use conversion: perennial crop*	<input type="text"/>	<input type="checkbox"/>	Water control structure	<input type="text"/>
<input type="checkbox"/>	Forested buffer/fencing	<input type="text"/>	<input type="checkbox"/>	Cover crop*	<input type="text"/>
<input type="checkbox"/>	Grass buffer/fencing	<input type="text"/>	<input type="checkbox"/>	Commodity cover crop*	Type <input type="text"/>
<input type="checkbox"/>	Streambank restoration	Feet <input type="text"/>			Type <input type="text"/>



