MARYLAND WATER QUALITY TRADING ADVISORY COMMITTEE
FEBRUARY 22, 2016

MS4 Trading:
Mechanisms for Annual Trading & Crediting with WWTPs
presented by Chris Pomeroy, AquaLaw (MAMWA / MAMSA Representative)

[The following notes accompany the related 2/22/16 Powerpoint Presentation by the same title.]

A. WWTP Example Notes

1. Pick a useful forecast period and update annually (Columns 2016 – 2021)
2. Owners forecast loads (later measure/report on DMR) (Rows 8 – 12)
3. Owners forecast credits (later demonstrate from DMR) (Rows 14 – 16)
4. Owners specify their credit use / trading activity (Rows 17 – 19) (Item C below)

B. MS4 Example Notes

1. Owners calculate potential restoration using credits from MS4 Permit (Rows 7 – 10)
2. Owners calculate and specify their credit demand (Rows 11 – 15)
3. Owners specify their credit use / trading activity (Rows 16 – 18)

C. Trading Region Example

1. All transactions planned in advance of the "compliance year"
2. Address by trading region (3), parameter (N, P, S), by year (Cell L2)
3. Include multiple owner / facility types (Column A)
4. Note common owner of facilities (shaded rows) for internal credit use (Ex: Rows 8-9)
5. Full DMR-based transparency / accountability on credit generation (Columns C – D)
6. Use owners forecasts of credit supply and demand (Columns D – E)
7. Account for internal credit use within owner bubble (Column F)
8. Account for private bilateral trades (WWTP, Ag, Mitigation Banks) (Column G)
9. Exchange would have a mechanism for setting price in advance (Cell J4)
10. Exchange buys credits from selling WWTPs for pro rata revenue share (Column K)
10. Exchange sells credits to meet remaining needs of buyers (Column J)
12. All transactions reconciled in true-up process promptly following close of compliance year using actual data from DMRs and/or official reports
13. Exchange can also meet unanticipated compliance credit needs MS4s (construction delays) or WWTPs (upset) during true-up process to meet permit