

**Accounting for Growth
Progress to Date
6/28/2013**

General Agreement

1. Applicability – Triggers
2. Fee-in-Lieu – Available or Not
Yes
3. Fee-in-Lieu – Payable to whom
4. Post-Development Load - Stormwater Loading Factors – Adjustments
5. OSDS Loading Factors – Location
6. OSDS Loading Factors Adjustments for efficiency of Nitrogen removal at Edge of Field
7. Post Development Load - Atmospheric Deposition
8. Baseline – OSDS
9. Baseline – Atmospheric Deposition
10. Post Development Load – When
11. Post Development Load – Made Public
12. Trading - On-site Credit Management
13. Trading - Off-site Credit Management
14. Trading - Regulation of Brokers and Aggregators

Discussed but no Agreement

1. Baseline –Stormwater
Option 1: Forest baseline
Option 2: MACo Proposal

2. Permanency

New loads need to permanently offset. A fee-in-lieu program/account would be used to support a portfolio of offset projects which could include both permanent and annual practices properly bonded which would first be made available to local governments on a voluntary basis to manage and if local government declines than the responsibility would go to the state government to manage. As an alternative, a developer could acquire their own offsets but if the developer did so than the offsets would have to be definably permanent.

3. Trading - Credit Stacking

- Horizontal credit stacking is allowed
 - Vertical credit stacking is allowed (credit is generated) when it has a measurable pollution reduction, not when meeting an obligation or environmental functional replacement like mitigation requirements
 - Benefits: Can drive down cost of permanent practices
4. Trading - Credit Certification, Verification and Transparency
- Establish independent audit controls (that are qualified, knowledgeable and truly independent); additional checks and balances to avoid conflict of interest
 - All trades to be in a publicly accessible, on-line database established by State (MDE and MDA) and used to calculate progress.

- MDE is ultimately responsible for verification, enforcement and transparency of permitting process and market trading program. MDA is responsible for certification verification of ag credits. MDE is responsible for certification verification of urban credits.
- State certification of Credit Verifiers for all credits - urban and agricultural

5. Trading - Restrictions on Trading Geographies

Trading Geography Restrictions

- Nitrogen trading:
 - **What is starting point?** Basin or statewide
 - Option: Trading starts at 5-basin level, if credits are not available, go to wider scale
 - Option: Statewide where no local impairment
 - P trading:
 - Offset where localized impairment
 - Sediment Trading:
 - Offset where localized impairment
 - Local jurisdiction (county or municipal) has option to limit trading to smaller scale (basin or modified basin) if desired
 - Interstate could be possible in future, but limited to trading within the basin, once other states have complied with MD requirements related to baseline
 - 3 year review to ensure local water quality isn't degrading due to trading scale
- ## 6. Trading – Cross Sector Trading for TMDL Compliance
- Do we allow it or not?
 - Agricultural sector would need to list of assurances that adjusted baseline in 2017 wouldn't be negatively impacted
- ## 7. Effective Date
- December 2014

Developer would submit preliminary site plan by effective date of regulation (Dec. 2014) that demonstrates - engineering work has been done; significant investment made; but project progresses at appropriate rate through pipeline with trigger dates

- Track change in load of "pipeline" projects – approximation versus project site
- How long does it take to prepare preliminary site plan?

8. Encouraging Sustainable Development Patterns – Definitions and Exceptions

Redevelopment

- Different baseline than other growth?
- Could development generate credits?

9. Fee-in-Lieu – Setting the cost

Needs to be revisited based on 6/28 WG discussion

Not Yet Discussed by Work Group

1. Applicability – Thresholds – WG HOMEWORK
2. Applicability – Exceptions – WG HOMEWORK
3. Which Pollutants
4. Post-Development Load - Stormwater Loading Factors – Scale, EOS & Delivered Loads
5. Wastewater going to WWTP
6. Ratios to increase margin of safety and accelerate Bay restoration