

Purchasing Water Quality Credits FAQ

If there are questions about our Water Quality Trading (WQT) Program not addressed in this or the additional FAQ documents provided by the department, please let us know by filling out our feedback form. [Click HERE!](#)

Disclaimers:

- *If you are a permittee, you are responsible for ensuring that credits you purchase are certified and within your trading region. Failure to do so may result in a violation of permit conditions.*
- *The MDE WQT Program does not provide review of costs, locations, and application of credits in trades for meeting permit conditions.*

Glossary of Key Terms for the Purchasing Credits FAQ

The following terms are helpful to understand when using this document.

- **Aggregator:** Means a person that funds, generates, owns, or assembles credits resulting from a number of point or nonpoint sources to resell them.
- **Broker:** Means a person that connects a credit seller and a credit buyer and helps to negotiate a trade between them.
- **Credit:** means a unit of load reduction below baseline of one pound of nitrogen, phosphorus, or sediment.
- **Marketplace:** Means an online system where information is exchanged between credit owners or their representatives and credit buyers.
- **Department:** means the Maryland Department of the Environment
- **NPDES:** National Pollutant Discharge Elimination System
- **Person:** has the meaning stated in [COMAR 26.08.01.01](#)
- **Reserve Pool:** Means a pool of certified credits created by the application of the reserve ratio that can be used by the State as stated in Regulation .08 of the Water Quality Trading Regulations.
- **Registry:** means a publicly accessible online database systems used by the Department and the Department of Agriculture to administer the Maryland Water Quality Trading Program by tracking credit-generating BMPs, verification activities, credits, trades, and credit usage records.

Purchasing Process

Sales Agreement

- Once a credit is placed on the marketplace, it is available for purchase. Then individual legal agreements are made between the credit generator and the credit purchaser. The value of credits will be determined by the market forces of supply and demand, but ultimately determined through negotiations between the buyer and the seller.

Regulatory Review

- Purchase registration is initiated by submitting a [Credit Purchase Form](#) to the Department. If the buyer is regulated by a NPDES permit, MDE will review prior to the purchase to ensure they are eligible to use the credits to permit limits. This purchase form should be sent to MDE within 15 days via the MDE Water Quality Trading email, mde.wqtrading@maryland.gov.
- All permits must be structured to allow purchase credit to be applied toward permit requirements. This may require permit modification.

Registration

- Once confirmed eligible for trading, MDE personnel will enter the transaction onto the Registry. This will have the trade's details including how many credits, and who were involved in the trade.

Frequently Asked Questions about Purchasing Credits:

Where can I find credits for purchase?

- You can use MDE's Market Board located on our WQT program website to find a list of currently available credits. You can also work with credit generators directly, brokers, and aggregators to find credits for purchase.

Where can NPDES stormwater permittees acquire credits?

- Purchasing areas are based on Maryland's current permitting framework, which includes WQT segments that intersect with your county.

Can I buy credits from multiple watersheds?

- Yes, depending on where you are located. For NPDES permittees and industrial MS4 facilities looking to acquire credits, please visit our [Mapping website link](#) and select the county you are located in to see where you can purchase credits.

Do I need a broker or intermediary to participate?

- No, but you are not prevented from using one either.

What happens if I buy a credit and it's not fulfilled?

- If the credit was bought to satisfy compliance with a NPDES and State discharge permit or other regulatory requirements, then ultimately the buyer is still responsible for complying with that permit. It will be up to the parties involved in the trade to determine how they rectify any non-compliance due to unfulfilled credits. Additionally, you may qualify for credits from the MDE Reserve Pool, please contact WQT staff via email in this situation.

Can I buy from multiple entities, or am I limited to one?

- Each credit can be sold separately, because each credit has its own credit ID code, there is no limit to the number of partners you can buy from provided they are within the same trading areas as defined by MDE.
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How does the term vintage apply to using credits?

- It means that credits generated in a particular calendar year can only be used to satisfy conditions for that year, and cannot be aggregated with credits from other vintage years to satisfy goals (e.g. 2019 permits cannot be met with 2018 & 2019 credits combined, only with 2019 credits).

Does MDE approve our transactions?

- No, MDE's role is to ensure that all transactions conform to the WQT regulations, but does not approve or disapprove transactions.

Credit Use and Limitations:

- Credits cannot be used to meet permit requirements outside the trading regions in which they are generated.
- Credits used in impaired waters must be generated in the impaired water or upstream of the credit user's discharge.
- The use of a credit may not cause or contribute to local water quality impairments or prevent the attainment of local water quality standards.

Credit Lifespan

- Included in the description of the BMP must have a maintenance plan for the duration of the lifespan of the credit. Credits may be certified for more than one year but shall be applied annually.

Credit Adjustment Factors

- **Edge of Tide (EoT) Ratio:** The EoT Ratio is a numeric adjustment factor to normalize loads based on delivery to the mainstem of the Chesapeake Bay. This adjustment factor thus accounts for the attenuation of a pollutant on its way through tributaries to the mainstem of the Bay. The ratio varies depending on the distance the pollutant has to travel.
- **Reserve Ratio:** Five percent of each credit will be used by the MDE to create a reserve pool that can be used to buffer credit losses elsewhere, or be retired as water quality improvement. This is applied each time a group of credits is submitted for certification.
- **Uncertainty Ratio:** An uncertainty ratio of 2:1 shall be applied to trades involving credits generated by nonpoint sources and acquired by wastewater point sources, unless the generator, seller, or buyer of the credit is able to demonstrate to the Department that a lower ratio is justified and protective of water quality standards. All other trades shall be 1:1.