



## **State to Develop New Trading Policy Over Next Two Years November 23, 2015**

Since the beginning of 2015, MDE has publicly expressed strong support for redesigning the state's trading program, which has gone almost entirely unused since its 2008 issuance. On October 6, the Maryland Department of Agriculture (MDA) and MDE released the [Maryland Nutrient Trading Policy Statement](#), explaining how the state will establish a cross-sector, water quality-based trading program that uses innovation, economies of scale and public-private partnerships to speed improvements to the Chesapeake Bay and local waterways. The program envisions trading not only between sectors ("cross-sector trading") within Maryland, but ultimately between Maryland and the other Bay states ("interstate trading"). Here is a briefing on key points.

There are many things to like in the new document. We are pleased to report that the state has highlighted the need for the program to be voluntary and market-based, two concepts MAMWA has long espoused as fundamental to success. The state has also recognized that reductions are most cost-effective in the agricultural sector: "...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." Lastly, the state's Guiding Principles also include positive language about using science to "estimate and/or measure pollution reductions, manage risk, and ensure the validity of credits." As Members know, MAMWA supports public policy based on strong science. MAMWA has long called for a scientific link between management measures and actual pollutant reductions, and identified the lack of hard data on phosphorus reductions as a glaring error in MDA's 2012 land application winter-ban.

As a part of the announcement, the state provided a very specific path forward for developing the program, including the development of guidelines that will be issued by April 2016 and used to initiate trades within Maryland at the earliest possible date. This is good news, as a workable trading program is long overdue. MDE and MDA will convene a stakeholder advisory group to assist with this effort. The next steps for putting a program into place include meetings, regulatory and guidance development, and other efforts:

### **Future Meetings**

***Trading Symposium (Dec. 2015)*** – MDE and MDA will host this event to describe the science and verification that is integrated into Maryland's nutrient trading program;



***Environmental Financial Symposium (2016)*** – The state will participate in an environmental finance symposium convened by EPA and the Bay states with planning support from the University of Maryland’s Environmental Finance Center; and

***Guidance Roll-Out Conference (Mid-2016)*** – The state will hold a conference to familiarize all interested parties with the guidance document, present opportunities for market-based solutions, and review the need for future targeted research.

### **Regulatory and Guidance Development**

***MDA Regulations*** – MDA will draft regulations to establish the requirements and standards for the generation and certification of nutrient and sediment credits on agricultural land; and

***Trading Guidance*** – MDE will complete a guidance document by spring 2016 with the support of a stakeholder advisory group.

### **Other Efforts**

***Permitting*** – MDE, MDA, Department of Natural Resources, State Highway Administration and other state departments will look for trading opportunities in permits and programs, and will also look to establish other nutrient trading partnerships in an effort to meet the state’s Chesapeake Bay TMDL requirements at a reduced cost; and

***Aquaculture*** – MDE will explore opportunities in the summer of 2016 for generating nutrient credits from aquaculture by using the recommendations from the Chesapeake Bay Partnership Oyster BMP expert panel report (due to be completed in May 2016).