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Trading Program Guidance

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- DOCUMENT NUMBER: To be determined upon publication.
- TITLE: Trading Program Guidance
- EFFECTIVE DATE: When Approved as Final
- AUTHORITY: The Federal Water Pollution Control Act 33 U.S.C.A. § 1251 et seq, the Clean Streams 35 P.S. § 691 et seq, and the Federal Water Quality Trading Policy.
- POLICY: The Department of Environmental Protection (DEP) creates and establishes a nutrient and sediment trading program guidance piece to supplement the NUTRIENT AND SEDIMENT REDUCTION CREDIT TRADING INTERIM FINAL POLICY AND GUIDELINES.
- PURPOSE: The purpose of this document is to provide program guidance as it relates to the Nutrient and Sediment Reduction Credit Trading Program.
- APPLICABILITY: This document is intended to apply to and support watershed stakeholders interested in participating in nutrient trading opportunities, for reasons such as:
- Achieving early reductions and progress towards meeting water quality standards.
 - Establishing economic incentives for voluntary reductions from all sources within a watershed.
 - Reducing the cost of compliance with water quality-based requirements.
 - Offsetting new or increased discharges resulting from growth in order to maintain levels of water quality that support all designated uses.
 - Achieving greater environmental benefits than those under existing regulatory programs. DEP supports the creation of trading credits in ways that achieve ancillary environmental benefits beyond the required reductions in specific pollutant loads, such as the creation and restoration of wetlands, floodplains and wildlife and/or waterfowl habitat.
 - Combining ecological services to achieve multiple environmental and economic benefits, such as storm water management, wetland restoration or the implementation of management practices that improve water quality, habitat and community infrastructure.

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- Reducing the cost of implementing tributary strategies, TMDLs or other activities resulting from agreements such as the Chesapeake Bay 2000 Agreement.

DISCLAIMER:

The policies and procedures outlined in this guidance are intended to supplement existing requirements. Nothing in the policies or procedures shall affect regulatory requirements. The guidelines herein are not an adjudication or a regulation. The Department reserves the discretion to vary from this guidance as circumstances warrant.

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===== pages

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I. DEFINITIONS

- **Aggregator/Broker** -An individual or entity that can collect and compile credits from individual sources. These credits can then either be sold to an exchange or sold directly to a point source or developer.
- **Baseline**- The level of nutrient load resulting from substantial compliance with current environmental laws and regulations applicable to a sector.
- **Certifier**- An individual or entity authorized to calculate and certify estimated nutrient reductions.
- **Credit**- The delivered unit of trade of nutrient reductions.
- **Delivery Factor**- The factor that compensates for the natural attenuation or loss of nutrients as they travel over land or in water (or both). Also known as a delivery ratio.
- **Exchange**- An entity authorized to collect and distribute certified credits; handle financial transactions related to the buying and selling of certificated credits; and record necessary information related to credit and financial transactions.
- **Marketplace**- The marketplace is a place (e.g., online market) where buyers and sellers can meet, negotiate trades and finalize transactions.
- **Nonpoint Source**- A source of water pollution that is not a point source. Nonpoint source pollution, sometimes referred to as “polluted runoff”, is generally caused by stormwater runoff across the land or infiltration of pollutants into the groundwater.
- **Nutrient Reduction**- The difference in nutrient loading achieved by a best management practice or technical upgrade compared to a baseline.
- **Point Source**- Any discernible, confined and discrete conveyance, including, but not limited to, any pipe, ditch, channel, tunnel, conduit, well, discrete fissure, container, rolling stock, CAFO, landfill leachate collection system, or vessel or other floating craft, from which pollutants are or may be discharged.
- **Registry**- A system that tracks and records the exchange of credits between point sources, nonpoint sources and third parties.
- **Third Party**- Any entity that does not discharge nutrients (or pollutants) and who acts as an aggregator/broker in the water quality trading program. This entity could include, but is not limited to environmental groups, developers, watershed associations, aggregators/brokers, and nonprofit organizations.
- **Trading Threshold**- Loading or level of pollutant reduction efforts that should be achieved and maintained before credits can be generated.

II. PROPOSAL SUBMITTALS

This section of the guidance is intended to help guide individuals through the process of submitting proposals for approval that would:

- Potentially generate nutrient reduction activities which could be certified as credits; and/or
- Propose a trade of nutrient reduction credits, including those proposals that would be used to fulfill a permit requirement.

Basic Requirements for Proposals:

Proposals must meet certain minimum requirements in order to be considered for approval. The following list of requirements must be met:

- Proposals must be consistent with the Department's Trading Policy and this Guidance;
- Proposals must include documentation that demonstrates that credit generating projects meet applicable trading thresholds. Examples of information include: calculations, or text that explains that thresholds are being met. Information submitted in the proposals that could be viewed as proprietary should be clearly labeled or highlighted.
- Credit generating practices/technologies must meet applicable legal requirements and acceptable standards for construction and performance through credit generating cycle;
- Load reduction/credit generation calculations and measurements must be based on department approved, scientifically recognized and accepted methods in order to be certified by the Department;
- Proposals must contain an acceptable and credible process for calculating credits. Example of calculations are contained in Appendix A of the Department's *Nutrient Trading and Sediment Reduction Credit Trading Interim Final Policy and Guidelines*;
- Proposals must include methods for documenting implementation of projects and credit generation;
- Proposals should include a summary sheet; and
- Proposals must include any background research information and pictures; any calculations of nutrient reductions; project participants, etc.

Specific Elements Needed for Potential Credit-Generating Projects:

Refer to the forms that are included in the Appendix to review elements needed for proposals.

Proposal Review Process:

Proposals are reviewed by a panel of DEP and selected experts, as identified by DEP, for technical acceptability, consistency with program, policy and legal requirements. Currently, those experts include a representative from State Conservation Commission, National Resources Conservation Service and World Resources Institute. DEP will publish public notice in the PA Bulletin of receipt of complete proposals for credit generating activities and trades.

Proposal Approval:

Following proposal review, the Department will respond to the applicant, in writing, with its determination. Approved proposals will need to meet any specific terms or conditions as provided by the Department. These terms and conditions may include:

- A reminder of the requirement for adherence with the Department's Trading Policy;
- Conditional terms based on applicable rules of exchange;
- Requirements for record keeping and reporting subject to review and audit by the department;
- Approval for a set period of time.

DEP will publish public notice of trading project approvals including the maximum number of certified credits that can be generated.

If a proposal is not approved, the letter will state why it will not generate reduction credits or will tell the entity that additional information is needed.

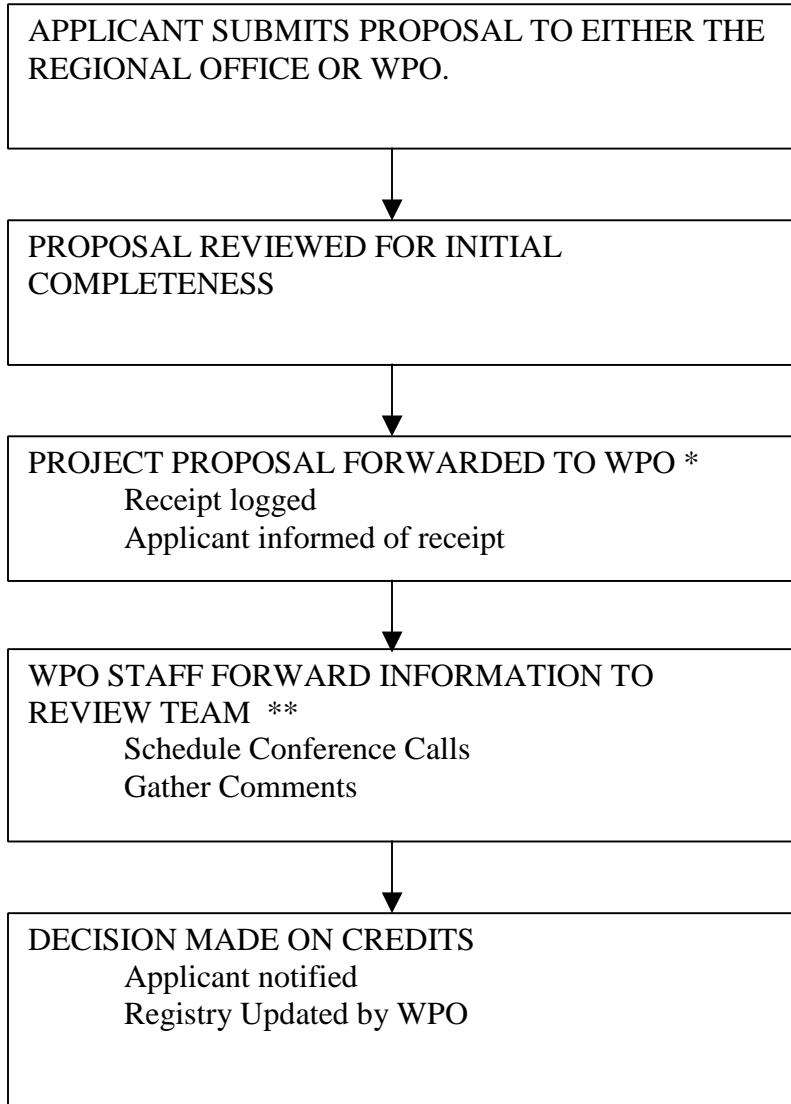
Figure 1 provides a schematic of the review process.

Verification of Credits:

During the initial stages of the program, the Department will establish verification check procedures that credits have been generated. The Department anticipates that it will approve third parties that could be delegated verification duties. For a third party to qualify for verifying credits, DEP would require that the party be able to do the following:

- Assist potential trading partners with preparing trade agreement documents;
- Provide potential trading partners with information on the program;
- Calculate credits based on the Department's Trading policy and this guidance;
- Accurately provide the Department with the information listed in the Specific Elements Needed for Potential Credit-Generating Projects portion of this document;
- Confirm in writing that the activities intended to generate credits have occurred or are scheduled to occur prior to the end of the water year, which is October through September.

FIGURE 1 - REVIEW PROCESS FOR PROJECTS AND TRADES



* Projects submitted to WPO until Nutrient Net is operational.

** Review Teams: PS: WPO Staff, Division Chief – Permits & Planning, Regional Water Manager/Designees
NPS/Ag: WPO Staff, Division Chief - Conservation Districts And Nutrient Management, Regional Watershed Mgr/Designees
NPS/SW: WPO Staff, BWM Designee, Regional Watershed Mgr/Designees

APPENDIX

The intent of the Appendix is to provide a “toolbox” of example forms and documents that individuals could use for trading proposals.

NOTE – THESE ARE DRAFT FORMS ONLY; THEY STILL NEED FINAL REVIEW

Example Documents, Contracts and Agreements:

- DRAFT Specific Elements Needed for Potential Credit-Generating Project Forms
 - Certified Registry- Provides a list of items to serve as a guide for information that would need to be submitted as part of a proposal for generating credits.
 - Trade Registry- provides a list of items to serve as a guide for information that would need to be submitted as part of a proposal for a trade of certified nutrient reduction credits.
 - On-line Exchange – provides information that would be included in the exchange and also posted on-line. It would be derived from information submitted in the credit-generating proposal.
- DRAFT Nutrient Credit Registration/ Certification Form
 - County conservation districts that received grant money from the Department to gather nutrient reduction credits would use this credit registration/certification form.
- DRAFT Nutrient Balance Sheet - TO BE ADDED
 - This nutrient balance sheet could be used to show that a nutrient reduction has occurred.
- DRAFT Landowner Agreement
 - County conservation districts that received grant money from the Department to gather nutrient reduction credits would use this landowner agreement.
- DRAFT Buyer-Exchange Agreement
 - This agreement will be used if an entity wished to purchase credits from the Department’s pool of available credits.

Specific Elements Needed for Potential Credit-Generating Projects:

Certified Registry:

The following list of items serve as a guide for information that would need to be submitted as part of a proposal for generating credits. The general format of the Nutrient Credit Registration/Certification Form is suggested for proposal submittals.

- Operation Name
- County
- Watershed
- Baseline requirements/plan
- BMP installed
- When
- Where
- Method of calculating a reduction
- Method of verification
- Baseline compliance checklist
- Date of landowner agreement
- Permanent Preservation/ Conservation Easements
- Cost-Share Program
- Cost Share Date Received

Trade Registry:

The following list of items serve as a guide for information that would need to be submitted as part of a proposal for a trade of certified nutrient reduction credits

Date of entry

Generator/Producer

- Generator Type
- Generator Name
- Generator Address
- Generator Address
- Generator County
- Generator Watershed ID

Buyer/Purchaser

- Buyer Type
- Buyer Name
- Buyer Address
- Buyer Address
- Buyer County
- Buyer Watershed ID

- Reduction- Point or Nonpoint
- Reduction Description
- Area of Reduction

Nutrient Reduced
Nutrient Source
Ratios Applied
Quantification Method
Generated Credits
Project Lifespan

Point Specific

Permit Number
Regulated Limit

BMP Specific

BMP Installed
BMP Lifespan
Monitoring
Certified
Certified Date
Certifier

Trade Information

Date of Trade Agreement
Contract Duration
Purpose of Trade
Nutrient Traded
Number Credits
Trade Cost
Verifier
Verified Date

On-line Exchange:

This type of information would be included in the exchange and also posted on-line. It would be derived from information submitted in the credit-generating proposal.

Approved Proposals

Date Approved
Proposal Producer
Proposal Type
Proposal Description
Proposal Location (County/Watershed)
Proposal Contact

Approved Trades

Trade Buyer
Trade Seller
Trade Location (County/Watershed)
Nutrient Traded
Amount Traded

NUTRIENT CREDIT REGISTRATION/CERTIFICATION FORM

Draft: 6-6-06

- 1) Operation name _____
Registration/Certification No. _____ (DEP will provide)

- 2) Address _____
County (ies) _____
Borough/Township _____
Zip Code _____

- 3) Watershed affected by operation
 - a) Local _____
 - i) Specify any special protection or impairment designations _____

 - b) Major Watershed – Specify whether Susquehanna or Potomac _____

- 4) Nutrient Certified (N, P) _____

- 5) Best Management Practices
 - a) Baseline (Optional)
 - i) Current practice(s) _____

(1) BMP units (acres, feet) _____
 - ii) Practices planned prior to certification _____

(1) BMP units (acres, feet) _____

 - b) Credit-generating practices (e.g. above baseline*, installed after 1/1/2005 and not previously counted in Bay Program)
 - i) Current _____

- ii) Planned _____
- (1) Effective Date _____
 - (2) BMP units (acres, feet) _____
 - (3) Total pounds of N and P reduced _____N _____P
 - (4) Value _____
 - (5) Method of calculation (check appropriate line)
Bay Model _____ NBS (When available) _____
Other (specify) _____
 - (6) Period of credit generation (12 month period)
 - (a) _____ to _____
(mm/dd/yy) (mm/dd/yy)
 - (7) Method of verification (Specify records of BMP implementation, nutrient application and crop yields to be maintained by the landowner)
 - _____ Landowner records _____
 - _____ Bay Model/Inspection
 - _____ Other approved method (specify) _____

6) Baseline Compliance Checklist

- a) Date completed _____
- b) Conditions specified, if applicable _____
- c) Date compliance action completed, if applicable _____
(mm/dd/yy)

7) Landowner Agreement execution date _____
(mm/dd/yy)

8) Cost/ Share prepayments for credit-generating BMPs.

- a) Program providing prepayments (CREP, CBP, G2, district revolving fund etc.)

 - i) Amount \$ _____
 - ii) Date _____

9) Describe any preservation/conservation easements on lands where credit-generating BMPs are to be implemented (Optional) _____

10) Pounds of load reduction verified _____ N _____ P Date _____

11) Pounds of load reduction not verified _____ N _____ P Date _____

a) Reason for non-certification _____

Signature of Landowner

Signature of Certifying Agent

Name of Landowner

Name of Certifying Agent

Agency of Certifying Agent

* Baseline eligibility for trading is legal compliance plus either a 35' vegetated buffer or 100' setback for mechanical application of manure adjacent to surface water or a 20% reduction in nutrient applications beyond legal compliance.

Baseline loads are not to be artificially inflated through fabrication of possible inefficient practices that could legally occur on an operation nor should farmers initiate implementation of inefficient practices to establish a more favorable trading baseline.

Farmers who have implemented efficient practices beyond the historical baseline for their operations are rewarded for these efforts by defining their trading baseline absent the enhanced efficiencies from qualifying BMPs already implemented.

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Nutrient Balance Sheet
TO BE ADDED

EXAMPLE

NUTRIENT TRADING AGREEMENT BETWEEN THE DEPARTMENT OF ENVIRONMENTAL PROTECTION, THE _____ COUNTY CONSERVATION DISTRICT AND LANDOWNER

Draft: 6-6-06

NOW, on this _____ day of _____, 200__, (name of landowner) (the “Landowner”), the Pennsylvania Department of Environmental Protection (the “Department”) and the _____ County Conservation District enter into this Agreement and agree as follows:

RECITALS

WHEREAS, the Landowner is the owner of certain property located in (name of municipality) situate in _____ County, Pennsylvania, as identified in the map or other document attached hereto as Exhibit A (the “Property”).

WHEREAS, the Property includes one or more non-point sources for the discharge of nutrients into (name of water body), which is within the (Susquehanna River/Potomac River) Watershed and the _____ Chesapeake Bay Watershed.

WHEREAS, the Commonwealth of Pennsylvania is a signatory to the Chesapeake Bay 2000 Agreement.

WHEREAS, in accordance with the Chesapeake Bay 2000 Agreement, the Commonwealth has developed a Chesapeake Bay Tributary Strategy to reduce total nitrogen and phosphorous contributions to the Chesapeake Bay by about 40% by 2010.

WHEREAS, the Department is implementing a nutrient reduction trading program (the “Trading Program”) as one means of meeting the Commonwealth’s obligations under the Chesapeake Bay 2000 Agreement.

WHEREAS, the _____ County Conservation District has agreed to undertake certain duties to assist the Department in the implementation of the Trading Program.

NOW, THEREFORE, intending to be legally bound, the Landowner, the Department and the _____ County Conservation District agree as follows:

1. For the purposes of this Agreement, the term “unit” shall mean a pound of load reduction for the purpose of calculating trading credits.
2. The Landowner will make available _____ units of (name of pollutant) for sale by the Department.
3. Each unit of (name of pollutant) made available for sale by the Department must first be certified using the Agricultural Compliance Measures and water Quality Trading Eligibility Checklist (the “Form”), attached to and made a part of this Agreement as Exhibit B, before its sale can be completed. The _____ County Conservation District is the certifying

agent for the Department and shall be responsible for certifying that the units meet the certification requirements of the Form.

4. The Department will prioritize the sale of units as follows: The Department will sell certified units to buyers in the order of the dates of the Landowner Agreements. The Department will also sell units anticipated to be certified in the order of the dates of the Landowner Agreements.

5. The total number of certified units of (name of pollutant) subject to this Agreement is _____. Following sale of these units of the pollutant by the Department, the Department shall pay Landowner \$_____ per sold and certified unit of (name of pollutant). The total payment to the Landowner shall not exceed \$_____ minus any prepayments specified in Section 6.

6. In the event there is a prepayment for the certified units to the Landowner from a state or federal program, administered by the Department, such as the Chesapeake Bay Program, Growing Greener and The Conservation Reserve Enhancement Program (CREP), the Department shall deduct the prepayment amount from the total amount of payments to Landowner for units sold. The prepayment subject to this Agreement is \$_____.

7. Landowner agrees not to make available or sell any nutrient reduction units subject to this Agreement to any entity other than the Department.

8. Landowner agrees to adhere to and maintain compliance with the baseline requirements specified in the checklist and schedule included in the form referred to in section 3 of this Agreement.

9. Landowner agrees to implement and maintain Best Management Practices (BMPs) such as those described in the Nutrient Credit Registration/Certification Form attached to and made a part of this Agreement as Exhibit C which are necessary to accomplish the nutrient reduction secured by the sales under this Agreement.

10. Landowner agrees to comply with the monitoring, reporting and recordkeeping requirements set forth in the Nutrient Credit Registration and Certification Form (Exhibit C).

11. The term of this Agreement shall be for (specify 1- 10) years.

12. Landowner understands that the price paid for nutrient credits is subject to market conditions and may vary. Notwithstanding the previous sentence, the price for nutrient credits shall not change during the term of this Agreement.

13. This document and the attached Exhibits constitute the entire agreement between the parties.

14. This Agreement may not be amended except by written agreement signed by the parties.

15. This Agreement may be signed in counterparts, all of which shall be considered as one agreement.

16. The effective date of this Agreement shall be the date of the signature of the last party signing this Agreement.

17. This Agreement shall be interpreted and enforced under the laws of the Commonwealth of Pennsylvania.

FOR THE LANDOWNER

FOR THE DEPARTMENT

Name and Address

Address

=====

Signature

by: _____

Signature

Printed name of person signing

Printed name of person signing

Date

Date

FOR THE _____ COUNTY CONSERVATION DISTRICT

Address _____

by: _____

Signature

Printed name of person signing

Date

APPROVED AS TO FORM
AND LEGALITY

Chief Counsel – Department of
Environmental Protection

Office of Attorney General

EXAMPLE

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EXHIBIT A

PROPERTY DESCRIPTION



EXHIBIT B
AGRICULTURAL COMPLIANCE MEASURES
AND
WATER QUALITY TRADING ELIGIBILITY CHECKLIST



A. Compliance Issues

1. Runoff or infiltration of pollutants (e.g. manure, sediment, milk house waste, silage leachate runoff) or water commingled with pollutants, to surface or groundwater during normal operation and expected weather conditions (up to 25 year/ 24 hour storm event for nutrient management and up to 10 year/24 hour storm event for in-field E&S and nutrient application).

a. *Examples:* visual observation of discharge; soil or manure runoff from the operation accumulating on streambeds and banks.

_____ Yes

_____ No

If yes, describe condition: _____

2. Uncontrolled flow of stormwater into or through manure storage or animal concentration areas.

a. *Examples:* roof runoff from barn flows into loafing or feeding area; muddy or nutrient laden runoff from loafing or feeding areas discharging to stream.

_____ Yes

_____ No

If yes, describe condition: _____

3. Condition, size or operation of manure storage system inadequate for properly planned nutrient management practices.

a. *Examples:* unplanned stockpiling of manure in unprotected areas (other than in the case of an emergency); freeboard is less than the level required for the operation; facility appears unstable or is leaking/overflowing.

_____ Yes

_____ No

If yes, describe condition: _____

4. Nutrient application in excess of crop needs.

a. *Examples:* nutrients not applied at agronomic rates; repeated, unplanned applications of manure in locations that are convenient to access; records and appropriate testing such as manure testing and soils testing are not utilized to plan and conduct manure and fertilizer applications; planned crop yields consistently exceed actual production.

_____ Yes

_____ No

If yes, describe condition _____

5. Manure application in restricted areas

a. *Examples:* manure application adjacent to stream on frozen or snow covered ground; mechanical manure application within required setbacks or buffers for CAOs, CAFOs or sites where the manure is imported.

_____ Yes

_____ No

If yes, describe condition: _____

6. Inadequate E&S controls in crop fields

a. *Examples:* recurrence and/or growth of soil erosion channels in fields; muddy runoff from fields reaching streams during a less than 10 year/24 hour storm event condition; stream bank erosion resulting from near stream tillage; loss of stream-bank stability where vegetation removed or prevented from becoming permanent as a result of agricultural practices.

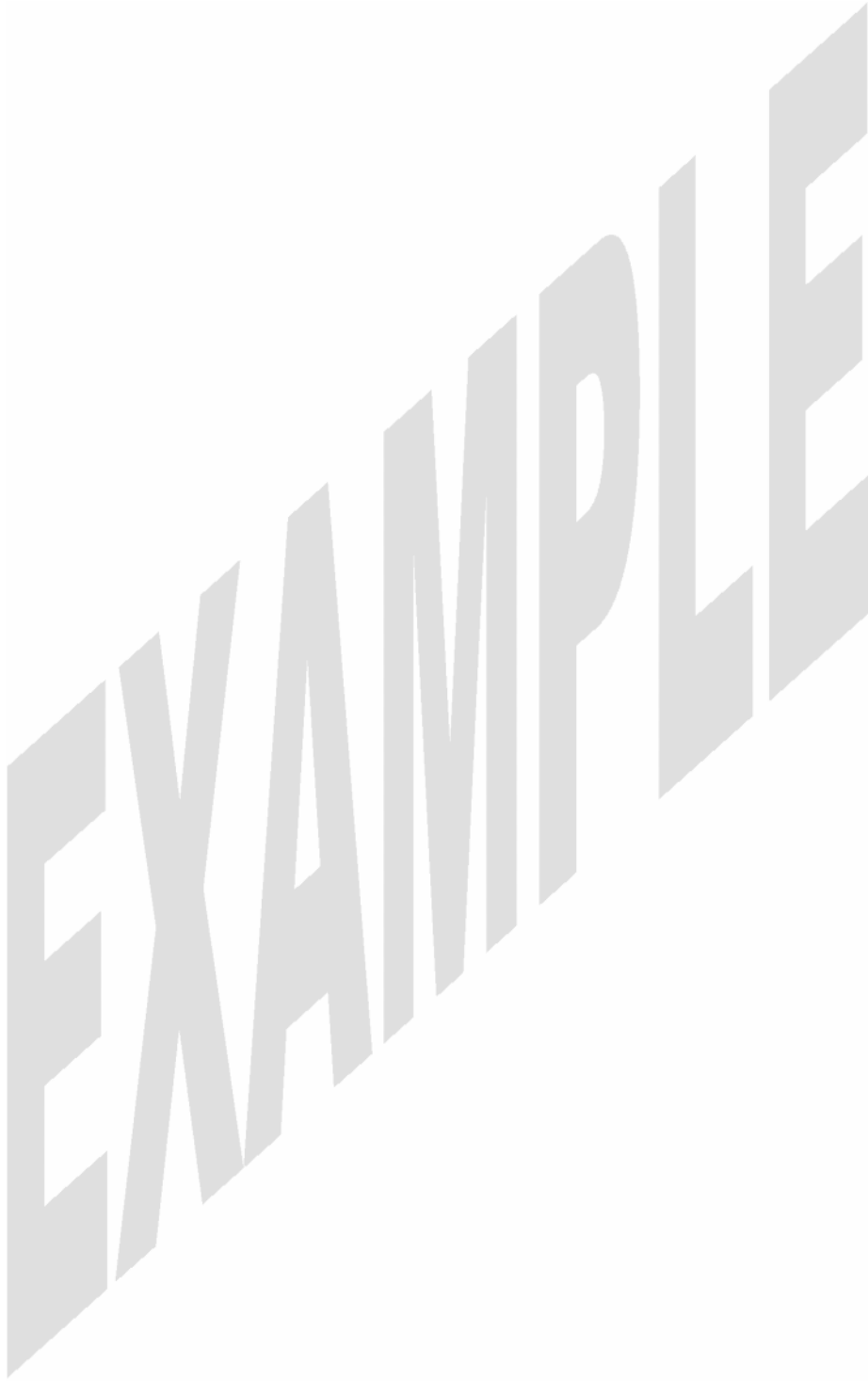
_____ Yes

_____ No

If yes, describe condition _____

EXHIBIT C

NUTRIENT CREDIT REGISTRATION/CERTIFICATION FORM(S)



NUTRIENT CREDIT REGISTRATION/CERTIFICATION FORM

- 1) Operation name _____
 - a) Registration/Certification No. _____ (DEP will provide)

- 2) Address _____
County (ies) _____

- 3) Borough/Township _____

- 4) Zip Code _____

- 5) Watershed affected by operation
 - a) Local _____
 - i) Specify any special protection or impairment designations _____

 - b) Major Watershed – Specify whether Susquehanna or Potomac _____

- 6) Nutrient Certified (N, P) _____

- 7) Best Management Practices
 - a) Baseline (Optional)
 - i) Current practice(s) _____

(1) BMP units (acres, feet) _____
 - ii) Practices planned prior to certification _____

(1) BMP units (acres, feet) _____

 - b) Credit-generating practices (e.g. above baseline*, installed after 1/1/2005 and not previously counted in Bay Program)
 - i) Current _____
 - ii) Planned _____

- (1) Effective Date _____
- (2) BMP units (acres, feet) _____
- (3) Total pounds of N and P reduced _____ N _____ P
- (4) Value _____
- (5) Method of calculation (check appropriate line)
- iii) Bay Model _____ NBS (When available) _____
Other (specify) _____
- (1) Period of credit generation (12 month period)
 - (a) _____ to _____
 - (i) (mm/dd/yy) (mm/dd/yy)
- (2) Method of verification (Specify records of BMP implementation, nutrient application and crop yields to be maintained by the landowner)
- 8) _____ Landowner records _____
_____ Bay Model/Inspection
- 9) _____ Other approved method (specify) _____
- 10) Baseline Compliance Checklist
 - a) Date completed _____
 - b) Conditions specified, if applicable _____
 - c) Date compliance action completed, if applicable _____
 - i. (mm/dd/yy)
- 11) Landowner Agreement execution date _____
 - i. (mm/dd/yy)
- 12) Cost/ Share prepayments for credit-generating BMPs.
 - a) Program providing prepayments (CREP, CBP, G2, district revolving fund etc.)

 - i) Amount \$ _____
 - ii) Date _____
- 13) Describe any preservation/conservation easements on lands where credit-generating BMPs are to be implemented (Optional) _____

14) Pounds of load reduction verified _____ N _____ P Date _____

15) Pounds of load reduction not verified _____ N _____ P Date _____

a) Reason for non-certification _____

Signature of Landowner

Signature of Certifying Agent

Name of Landowner

Name of Certifying Agent

Agency of Certifying Agent

* Baseline eligibility for trading is legal compliance plus either a 35' vegetated buffer or 100' setback for mechanical application of manure adjacent to surface water or a 20% reduction in nutrient applications beyond legal compliance.

Baseline loads are not to be artificially inflated through fabrication of possible inefficient practices that could legally occur on an operation nor should farmers initiate implementation of inefficient practices to establish a more favorable trading baseline.

Farmers who have implemented efficient practices beyond the historical baseline for their operations are rewarded for these efforts by defining their trading baseline absent the enhanced efficiencies from qualifying BMPs already implemented.

BUYER – EXCHANGE AGREEMENT

Draft: 6-6-06

NOW, on this _____ day of _____, 200__, __(name of buyer)__ (the “Buyer”) and the Pennsylvania Department of Environmental Protection (the “Department”) enter into this Agreement and agree as follows:

RECITALS

WHEREAS, the Commonwealth of Pennsylvania is a signatory to the Chesapeake Bay 2000 Agreement.

WHEREAS, in accordance with the Chesapeake 2000 Agreement, the Commonwealth has developed a Chesapeake Bay Tributary Strategy to reduce total nitrogen and phosphorous contributions to the Chesapeake Bay by about 40% by 2010.

WHEREAS, the Department has issued the Nutrient and Sediment Reduction Credit Trading Interim Final policy and Guidelines (DEP Document No. 392-0900-001) (the “Interim Trading Policy”) as a component of the Tributary Strategy.

WHEREAS, the Department has developed a nutrient reduction credit trading program (the “Trading Program”) as an element of the Tributary Strategy designed to reduce the discharge of certain nutrients and sediments into the Chesapeake Bay and watersheds within the Commonwealth tributary to the Bay.

WHEREAS, a key component of the Trading Program is the purchasing of nutrient reduction credits from sellers in accordance with the Interim Trading Policy.

WHEREAS, the nutrient reduction credits from one or more sellers have been registered with the Department for such purposes.

WHEREAS, the Department has guaranteed that the nutrient reduction credits are certified and available for sale.

WHEREAS, the Buyer intends to purchase certified nutrient reduction credits from the Department as a means of offsetting discharge limits for nitrogen and/or phosphorous set forth in NPDES permit No. _____ issued to _____.

WHEREAS, the purchase of nutrient reduction credits is authorized under the Pennsylvania Clean Streams Law (35 P.S. §691.1 et seq.)

NOW, THEREFORE, intending to be legally bound, the Buyer and the Department agree as follows:

1. The address of the Buyer is (Street or P.O. Box No.), (municipality), Pennsylvania, (zip).

2. The address of the Buyer is in _____ County, within the _____ watershed. For the purposes of this agreement, the term “watershed” means either the Susquehanna or Potomac River watershed.
3. The Buyer hereby agrees to purchase from the Department _____ certified credits of (name of nutrient) at \$ _____ per unit.
4. The Buyer agrees not to sell any nutrient reduction credits subject to this agreement to any entity other than the Department unless approved by the Department.
5. The Buyer understands that the price paid for certified nutrient reduction credits is subject to market conditions. Notwithstanding the previous sentence, the price for certified credits shall not change during the term of this Agreement.
6. The term of this Agreement shall be for (specify 1, 5 or 10) year(s).
7. This document and the attached exhibits constitute the entire agreement between the parties.
8. This Agreement may not be amended or modified except by written agreement signed by the parties.
9. This Agreement may be signed in counterparts, all of which shall be considered as one agreement.
10. The effective date of this Agreement shall be the date of the signature of the last party signing this Agreement.
11. This Agreement shall be interpreted and enforced under the laws of the Commonwealth of Pennsylvania.

FOR THE BUYER

Name and Address

Signature

Printed name of person signing

FOR THE DEPARTMENT

Name and Address

Signature

Printed name of person signing

***APPROVED AS TO FORM
AND LEGALITY***

**Chief Counsel – Department of
*Environmental Protection***

Office of Attorney General

EXAMPLE