

Nutrient Trading Workgroup Status

Workgroup: Trading

Status Report Date: July 17, 2006

Team Leader(s): John Hines and Andy Zemba

Team Members: Rich Adams, Andrea Sharets, Ben Feldman, Bill Achor, Brenda Shambaugh, Doug Brennan, Brian Hill, Karl Brown, Ed Corriveau, Cory Miller, Bill Cumings, Mark Dubin, Elam Herr, Jeff Wendle, Jim Elliott, Keith Ashley, Paul Marchetti, Matt Ehrhart, Pete Slack, Bob Koroncai, Scott Van de Mark, Jim Spontak, Susan Marquart, John Wetherell, Sue Wilson, John Bell, Emily Wade, George Wolff, Suzie Greenhaugh, Mindy Selman, Cedric Karper, Jeff Hartranft, Kristen Ebersole, Susan Boynton, Cory Adams, Patricia Gleason

Issue (s) Addressed:

At the workgroup meeting on June 27th the group discussed:

- Old Business
- PS/Steering Committee Overview
- Update on specific trading proposals and DEP “prime the pump” efforts
- Public Notification Discussion
- Walk through of real world examples
 - NPS- looking to certify credits and sell
 - NPS- credits in exchange from stream bank fencing projects
 - PS- looking to certify credits and sell
 - Trade from Exchange

At the last workgroup meeting, held on July 14th, the group discussed:

- Old Business
- Draft Trading Program Guidance Discussion
 - Comments and Suggestions
- Other Business
- Next Steps

Status Report and Recommendations:

- Recent approval/certification of proposals
 - Red Barn Trading- broker to the process, manure expert with a very conservative eye and includes that edge of segment factor.
 - Mt. Joy- set a bar for what others can achieve, local people, local deals, local support
 - Farm Bureau needs a fact sheet but with more details and why- details of the first out of the box, why they are calculated the way they are etc. They need something to build a consistent message off of and it needs to be clear and accurate.
- Discussion of the Draft Program Guidance took place.
 - Chapter III was deleted because it is a better fit for a permitting-type document.

- Any comments that were submitted via email or during workgroup discussion have been taken into account and the document will be revised to reflect those changes.
- Outline of potential workgroup consensus reached:
 - Public Notification:
 - A bulletin notice would be published each time a proposal has been received and approved. This posting would be a public notification rather than a public comment bulletin notice.
 - Perpetuity of a credit:
 - 20-25 years was suggested to be the max of perpetuity based on the correlation with spans for most financing packages, general design life/useful life of treatment plant is roughly 20 years, Clean Water State Revolving Funds are given for a 20 year timeframe and most municipal bonds vary but are finance for the design life of a treatment plant. Life span of some BMPs (fencing, riparian buffers, easement) can also be between 20-25 years.
 - Water Year Concept:
 - To sell and purchase credits based on the water year which is October- September
 - Role of DEP and the Cigar Box:
 - DEP would assemble credits (approve and verify credits) and publish availability (trading platform like NutrientNet)
- Major remaining trading issue:
 - Conversion of land (ag -> development) for credit