

Setting Baselines & Who Can Trade

Agricultural Perspective

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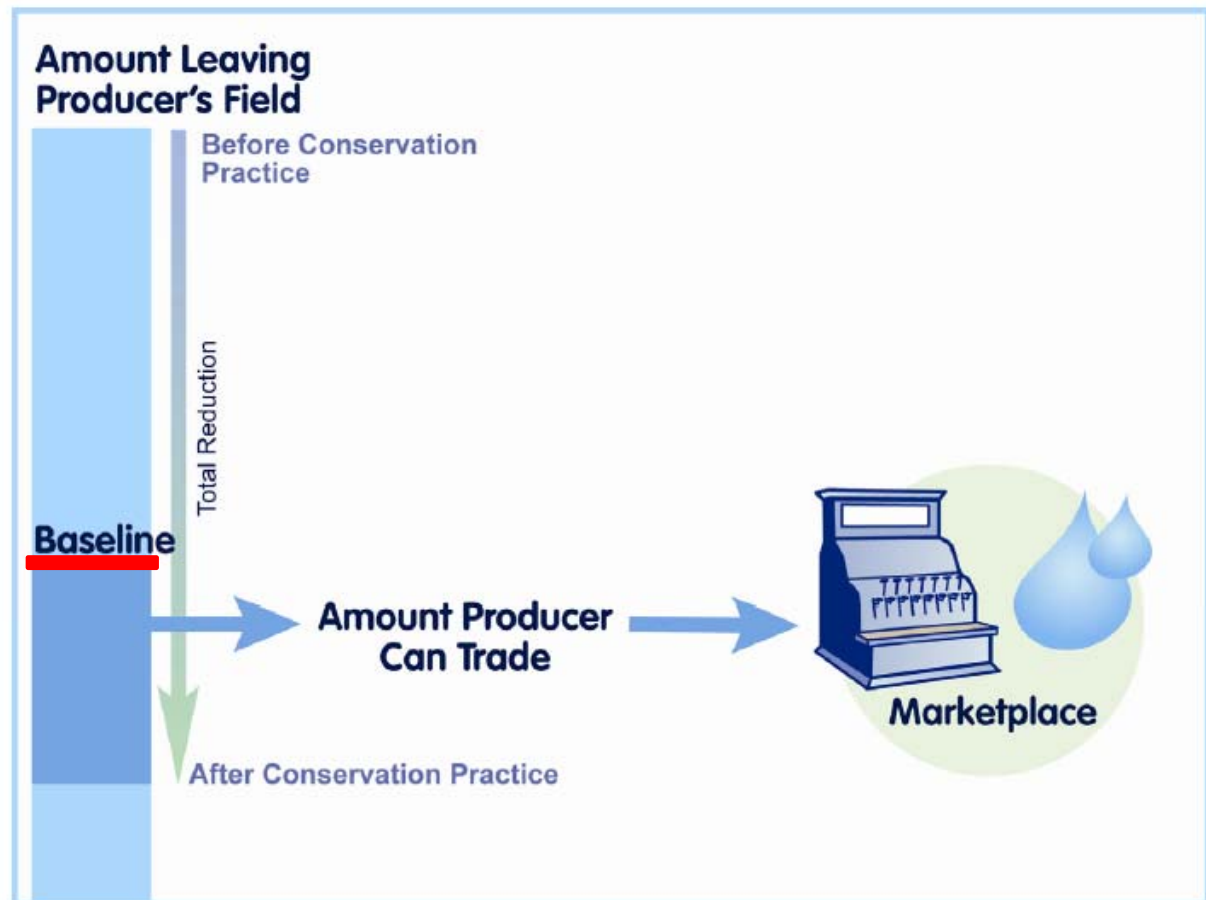
Water Quality Trading

Eligibility

- **To participate need to achieve some baseline level of water quality improvement**
- **Baseline levels need to be reasonable**
- **Baseline must link to a water quality benefit**

Baseline

Minimum pollutant control requirement that a credit seller must meet before they can enter the trading market.



CTIC, July 2006



Agricultural Baseline

Establishment

- **Require multiple conservation practices**

Who can participate?

- **Farmers who have already voluntarily implemented BMPs (Early Adopters)**

Agricultural Baseline

Establish

- Require
practices

Who can

- Farmers
implem



ervation

dy voluntarily
(Early Adopters)

Agricultural Baseline

Establishment

- Require fewer practices

Who can participate?

- Farmers who need to implement BMPs
(Late Adopters)

Agricultural Baseline

Establish

- Requirement

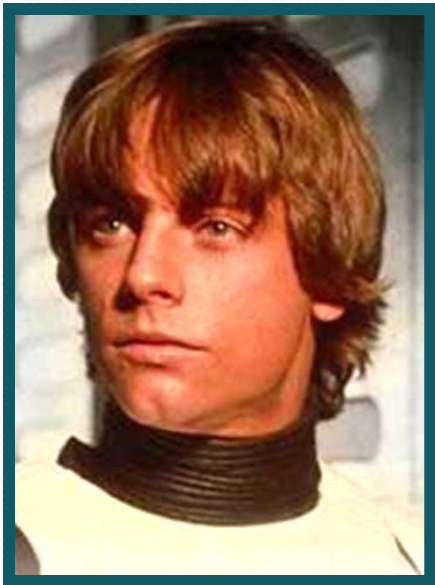
Who can

- Farmer
(Late A



Implement BMPs

Agricultural Baseline



An equity issue

Fairness & Equity

- **Do NOT want to reward those who should be doing more**
- **Incentive for early and late adopters**
- **“Extra” credit for early adopters**
- **Price early adopters out of program**

Agricultural Baseline

**Current
Practice**

**Comply
with
Existing
Laws**

**Set Level
of BMP's**

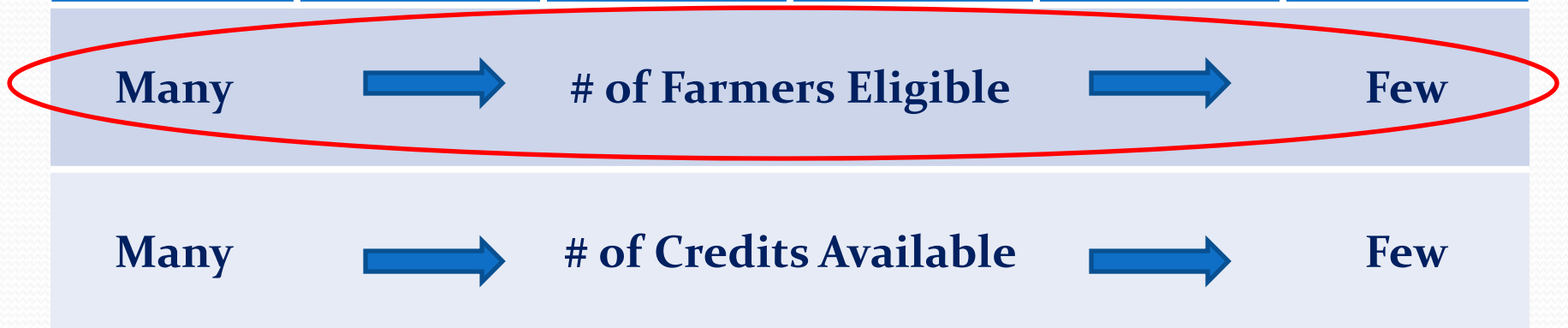
**Comply
with Laws
&
Additional
BMP's**

**Phased or
Graduated
to TMDL**

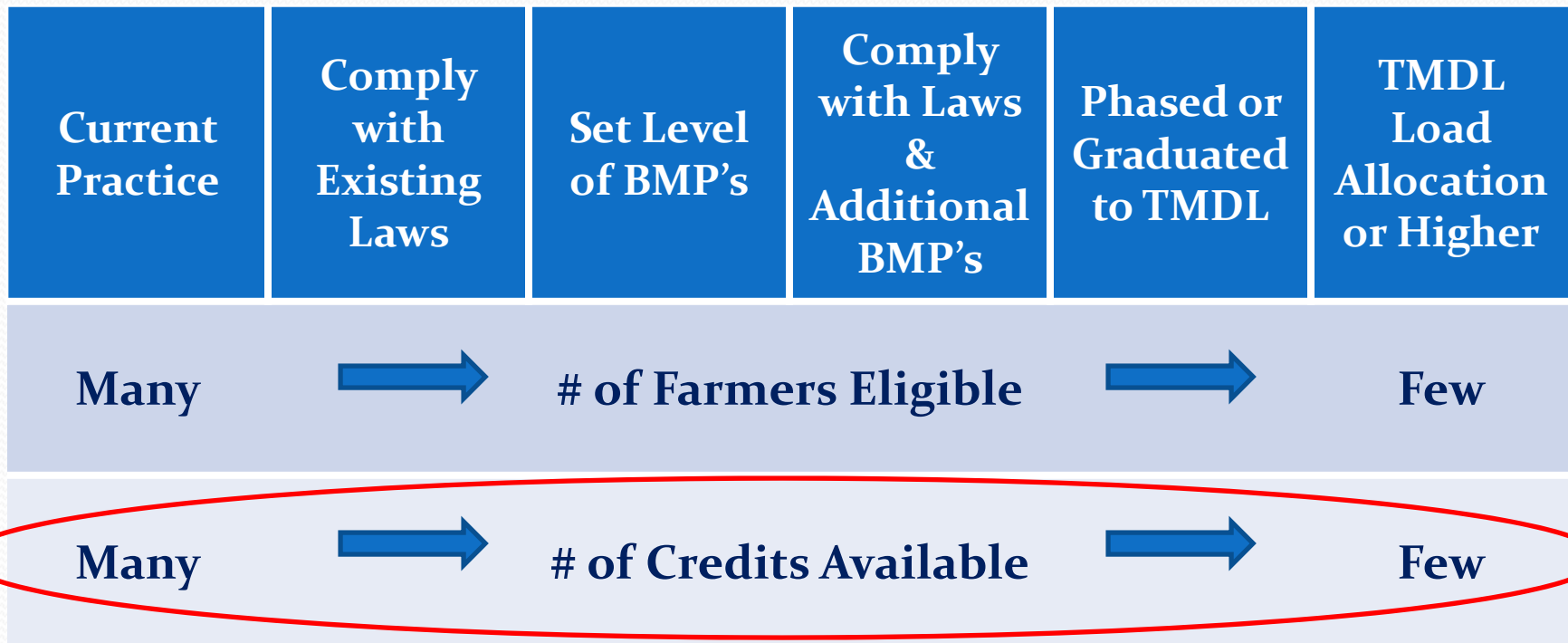
**TMDL
Load
Allocation
or Higher**

Agricultural Baseline

Current Practice	Comply with Existing Laws	Set Level of BMP's	Comply with Laws & Additional BMP's	Phased or Graduated to TMDL	TMDL Load Allocation or Higher
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Agricultural Baseline





Lessons

- **Baseline**
- **Verification**
- **Seamless Sign-up**
- **Trusted Partner**
- **Good vs. Bad Actors (Fairness)**
- **Liability – Permit Compliance**
- **Farmers Become the “*Good Guys*”**

Agricultural Baseline

Current Practice	Comply with Existing Laws	Set Level of BMP's	Comply with Laws & Additional BMP's	Phased or Graduated to TMDL	TMDL Load Allocation or Higher
Many	→	# of Farmers Eligible	→	Few	
Many	→	# of Credits Available	→	Few	
Less	→	Additionality	→	More	