Fox P Trade: Navigating Water Quality Trading in Wisconsin Waters

Victoria Pebbles
Great Lakes Commission
National Water Quality Trading Workshop
Lincoln, Nebraska
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Statutory Authority
283.84, Wisconsin Statutes

Numeric Nutrient Criteria for Phosphorus

WQT Guidance

- EPA-approved TMDL for P and TSS
- Agricultural Performance Standards
  NR 151

If you build it, they will come
Who initiates and manages a trade?

Enough watershed-scale demand and supply?

How many credits can I generate?


How do I know trading can work?

How Do I Trade?

Feasibility Assessment

Credit Quantification

Determine Market Structure

Application Packet; Contracts, Reports, & Forms

Farmers and Permit Holders engage in Hypothetical Trading

Step-by-Step Handbook for LFRW
Trading Steps for Buyers

1. Complete Credit Certification Report

2. Completed and Submit Notice of Intent to DNR

3. Complete WQT Contract (Agreement between Buyer and Seller)


5. DNR issues new or modified permit

6. Complete and Submit a Management Practice Registration Form and a Conservation Practice Installation Report to DNR

Get Credits for Permit Compliance

Complete Annual Credit Verification Report and submit to DNR
Trading Steps for Sellers

1. Conduct analysis to quantify the pollutant load reductions from conservation practices

2. Complete Credit Certification Report; register with broker or trade liaison

3. Submit Notice of Intent to DNR*

4. Complete WQT Contract (Agreement between Buyer and Seller)*

5. Submit Water Quality Trading Application Packet to DNR and get DNR approval*
   Application Packet includes: WQT Checklist, WQT Plan, WQT Contract Certification, and Credit Certification Report


   Receive Payment for additional conservation practices

7. Complete Annual Credit Verification Report and submit to DNR
Testing Trading: Hypotheticals

- 3 farmers
- 3 facilities
- Real data
- Matchmaking
- Review documents
- Negotiate with Broker
## Hypotheticals: WQT Application Packet

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1. Cover Sheet</td>
<td>• Lists content of packet</td>
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<tr>
<td>2. Checklist</td>
<td>• Guide for what should be in the WQT Plan</td>
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<tr>
<td>3. Plan</td>
<td>• Some overlap with contract. Lays out details to support NPDES permit</td>
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<tr>
<td>4. Contract Certification</td>
<td>• Certifies a contract is in place, last page of contract</td>
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<tr>
<td>5. Credit Certification Report</td>
<td>• Details of credit generating practices and quantification of load reductions</td>
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Lessons and Observations

- Need more than policy drivers
  - People and commitment

- Honing the Tool
  - Education/outreach for buyers/sellers
  - Simplified quantification metrics
  - Flexible and clear policy framework
    - Simple and clear process to play

- Tell the Good News Story
  - Not a one for one deal
  - Ancillary benefits
  - Recognize good behavior

- Advocate for Change
Beyond Trading: Watershed–based Solutions

- Watershed Protection Utility
  - If healthy environment is a widely shared value, we need an entity responsible for protecting that value: no entity is responsible for watershed protection

- Watershed–Based Permits
  - Address all stressors
  - Ex: SF Bay Area Nutrients Watershed Permit

- TMDLs
- Dialogues
- No Single Solution