

# Water Quality Trading Rulemaking

Environmental Quality Commission

December 10, 2015

Agenda Item M

# *(Revised)* Rule Development Process

- 6 policy forums (instead of 3)
- Multiple feedback loops
- Staggered rules and IMD development
- Pushed back public comment period

# Rulemaking Objectives:

- Clarify State Authority to allow trading as a compliance tool; and
- Establish Minimum Requirements Necessary to Ensure:
  - *Transparency*
  - *Enforceability*

# Rulemaking Objectives:

## *Clarify State Authority*

### Willamette Watershed Improvement Trading Act (2001)

ORS 468B.555

(1) DEQ “***shall develop and implement*** a pollutant reduction trading program.... in a manner ***that complies with state and federal water quality regulations and promotes economic efficiency***”

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(3) DEQ *shall*:

\*\*\*\*

(c) ***Minimize administrative and technical requirements*** in order to encourage and facilitate pollutant trading under this section; and

(d) ***Emphasize practical procedures*** for pollutant trading that can be implemented ***using reasonable estimations and engineering judgment***

# Rulemaking Objectives:

## *Establish Minimum Requirements*

### Trading Plan:

- Required elements of a trade
- Publicly noticed
- DEQ-approved

### Annual Reporting:

- Detailed, project-specific

*Sideboards and Prohibitions*

# Rulemaking Public Comment

- Public Comment Period:  
August 14<sup>th</sup> – September 25<sup>th</sup>
- 23 sets of comments submitted on behalf of 42 individuals and organizations.
- Public Hearing: September 21<sup>st</sup>
- Outreach to Eastern Oregon: The Dalles, Lakeview, Klamath Falls, Pendleton, La Grande, Baker City, Huntington, Umatilla, Hood River, and the Biggs Service District

# Public Conservation Funds

- More comment on this issue than any other*

*DEQ should  
not concern  
itself with  
the “color of  
money”*



*DEQ should prohibit the  
use of public conservation  
funds for regulatory  
compliance obligations*

# Toxic Pollutants

*DEQ should  
allow trading  
for toxics*

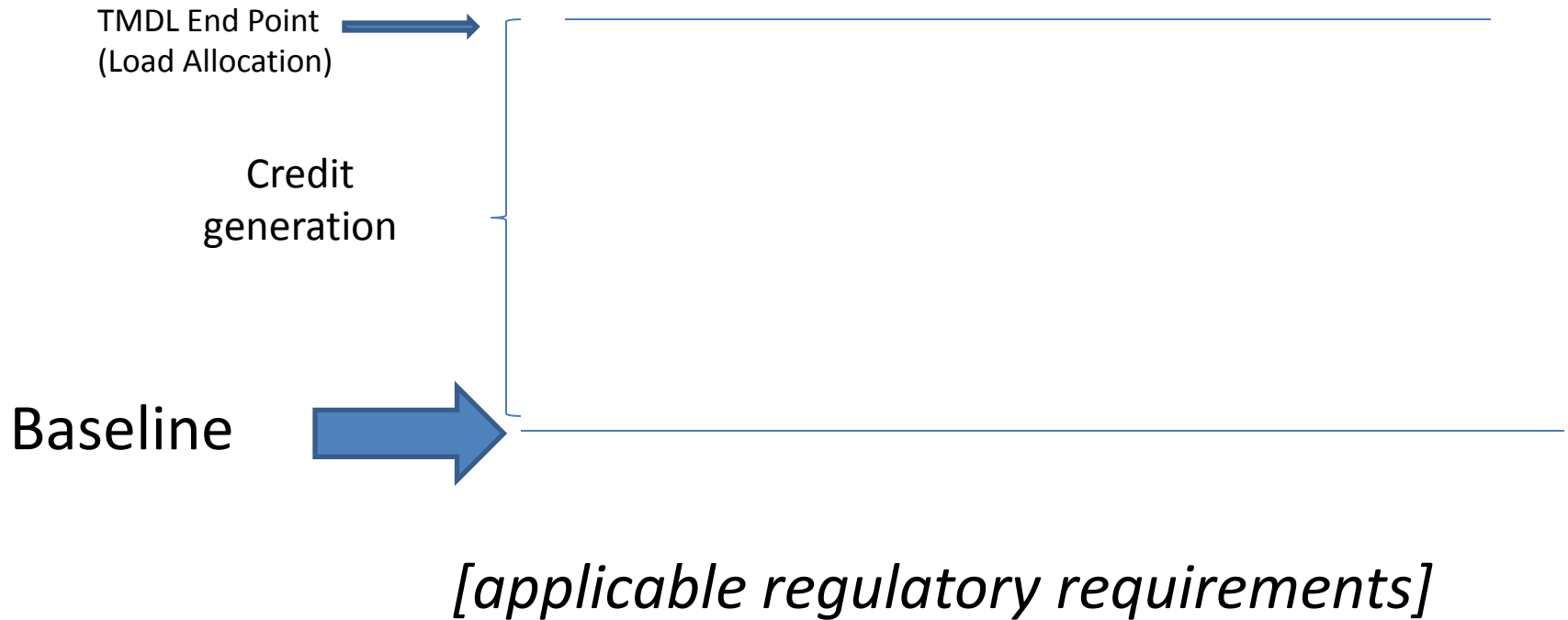


*DEQ should prohibit  
trading for toxics*





# Trading Baseline

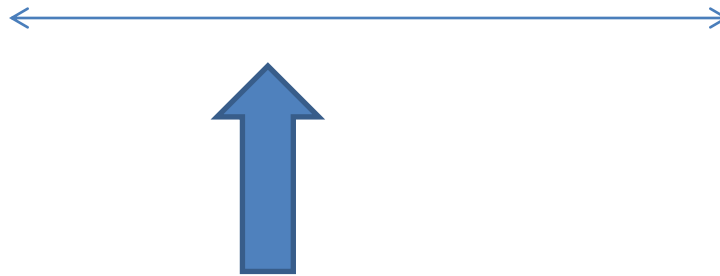




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# Rules give too much latitude to the trader

*Traders  
propose  
trading plan  
elements*



*Comprehensive rules;  
prescriptions for credit-  
calculations, ratios, other  
trading plan elements*

# Conclusion

The proposed water quality trading rules:

- Strike the right balance
- Responsive to stakeholder input and feedback
- Reflect the evolution of trading in Oregon and nationally
- Establish a solid foundation to ensure:
  - Compliance with our regulatory obligations
  - Long-term legitimacy of trading in Oregon



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# Any Questions?