

# **1<sup>st</sup> Annual Status Report**

## **Lower Boise River Effluent Trading Demonstration Project**

### **Idaho Department of Environmental Quality**

May 30, 2001

**REPORTING PERIOD:** April 22, 2000 – April 27, 2001

#### **INTRODUCTION:**

This report is prepared in compliance with the Inter-Agency Agreement on the Lower Boise River Effluent Trading Demonstration Project: *Statement of Understanding and Responsibilities, dated April 21, 2000*, and addresses activity since the last Framework Team meeting held at the Lander Street Wastewater Treatment Plant on April 21, 2000.

Future reports will focus more on the actual business of trading and will serve as a snapshot of trades in progress.

#### **OVERALL PROJECT SUPPORT:**

As agreed to in the Statement of Understanding and Responsibilities, DEQ assumed responsibility for the project from EPA on April 21, 2000. Since then the following project support activities have taken place:

1. DEQ sent four people (Dave Mabe, Susan Burke, Joe King and Bryan Horsburgh) to the Great Lakes Trading Network conference and workshop at Chicago, Illinois, May 18 – 19, 2000 to learn how effluent trading is being addressed by other states. The conference theme was “Markets for the New Millennium – How can Water Quality Trading Work For You?” Dave Mabe, Idaho’s Water Administrator, gave a formal presentation on the Lower Boise River project.
2. On August 7, 2000, Diane Regas, Deputy Assistant Administrator for Water, Environmental Protection Agency, Washington, DC, visited Idaho with the specific purpose of learning about the Lower Boise River project. She was accompanied by Mike Bussell and Claire Schary from EPA, Region 10, in Seattle, and Steve West and other staff from DEQ’s Boise Office. The visit consisted of a roundtable discussion followed by a field trip to the Lander Street Wastewater Treatment Plant and several agriculture site visits in the Caldwell area, which were led by Dave Ferguson and Keith Griswold.
3. On September 20, 2000, Ross and Associates published the final report – *Summary of Participant Recommendations for a Trading Framework* -- on the L. Boise River project. EPA posted it on their web site at [www.epa.gov/r10earth/](http://www.epa.gov/r10earth/) (Click on Index, then on “L” and then on “Lower Boise River Effluent Trading Demonstration

Project.”) DEQ has also posted the document on its web site at [www2.deq.state.id.us/](http://www2.deq.state.id.us/) (Click on Water Quality, then click on TMDLs, scroll down to Boise Region TMDLs, then click on “Summary of Participant Recommendations for an Effluent Trading Framework (Lower Boise River).”

4. On October 20, 2000, Rob Greenwood, Ross and Associates, presented the close-out briefing to DEQ’s Senior Management and EPA’s Director of the Idaho Operations Office, Jim Wertz. The briefing was the final deliverable in the contract and served to inform the DEQ Director on the future of effluent trading. The Twin Falls City Manager and the DEQ Twin Falls Regional Administrator (Doug Howard) attended the meeting to gain a first hand understanding how they might use effluent trading in their area.
5. In December 2000, World Resource Institute (WRI), Idaho Department of Environmental Quality (DEQ) and Idaho Soil Conservation Commission (SCC) signed a Memorandum of Understanding. The objectives of the MOU are to: First, assist the Lower Boise River Effluent Trading Demonstration Project with an effective market mechanism to aid in the successful implementation of nutrient trading in the Lower Boise River watershed. And second, adapt and refine NutrientNet (WRI’s internet based trading web-page) to the specific agricultural, environmental and regulatory conditions found in the Lower Boise River watershed.
6. In late February 2001 the DEQ/Ross and Associates contract was extended to 30 June 2003. Their principle task is to facilitate the Annual Meetings for 2001, 2002 and 2003. In addition, Ross and Associates will assist DEQ with coordination of action items from the Annual Meetings.
7. In a related action to number 6, DEQ (State Office) has contracted with Ross and Associates to expand effluent trading statewide.

#### **ANNUAL MEETING (April 27, 2001 – Agenda attached)**

1. **The Lower Boise River and the Snake River-Hells Canyon TMDLs.** The TMDLs are being developed in accordance with a completion date of December 31, 2001.

Snake River – Hells Canyon TMDL (also known as the Brownlee TMDL). The SR-HC TMDL is a joint effort between Idaho and Oregon with a high level of EPA participation. The schedule is as follows:

Draft Subbasin Assessment – spring of 2001  
TMDL and loading analysis – summer 2001  
Implementation Plan – fall 2001  
Public comment period– Oct/Nov 2001  
Submitted to EPA – December 2001

While this is a complicated TMDL that has the attention of numerous interest groups, there are no obvious 'show-stoppers.'

Lower Boise River TMDL. The Lower Boise nutrient TMDL is currently scheduled to be completed and submitted to EPA by December 31, 2001. The sub-basin assessment for the river is complete; the sub-basin assessments for the tributaries will be completed in June; the load allocation will be completed in the fall of 2001; and the public comment period will follow. While the TMDL is on schedule, consideration is being given to extending the submission date until mid-2002 to permit a review of the allocation in relation to the Snake River-Hells Canyon TMDL. There is no decision on this issue, but DEQ wants to turn-in the most defensible TMDL possible. No schedule change has been proposed. A mid-2002 completion date could affect effluent trading as the TMDL is the most obvious driver for a trade.

2. **The Lower Boise River Effluent Trading Demonstration Project Memorandum of Understanding.** The MOU, between EPA, DEQ and SCC, was signed at the April 27, 2001 annual meeting. This MOU defines the roles of the agencies that will verify the credits purchased and used by the National Pollution Discharge Elimination System (NPDES) permitted sources choosing to participate in effluent trading in the Lower Boise River Watershed. In addition to its pragmatic importance, the MOU reflects a spirit of cooperation in our overall effort to find economical ways to improve the water quality in Idaho.
3. **The BMP list.** The BMP list is a key component in the Lower Boise River Effluent Trading program. Dave Ferguson explained the role of the States' BMP Technical Committee in developing the BMP List for the Lower Boise project and the work of the contractor, Dr. David Carter who was hired to develop descriptions of BMPs to be proposed initially for the list. Dave then presented the nine BMPs proposed thus far and discussed their life span, effectiveness and uncertainty discount. The nine BMPs are as follows: PAM, filter strips, sprinkler irrigation systems, drip irrigation, tail-water recovery, mulching, residue management (no-till), sediment basins and underground outlets. The author, Dr. David Carter, was introduced and answered technical questions.
4. **The Idaho Trading Guidance document.** The Idaho Trading Guidance document is being drafted by Susan Burke in the State Office with a target completion date of December 31, 2001. There were several issues discussed. First, should there be one Association for the State of Idaho or should there be one for each DEQ Region? It was decided there would be only one Association and the other Regions could use the Idaho Clean Water Cooperative to track trades. Second, should the BMP list be for the State of Idaho or should it be for the Boise Region only? It was decided that the BMP list could be attached to the Idaho Trading Guidance Document but must be broken out by Region because the "effectiveness" will be different for each Region. Third, the document needs to go through the Public Comment process; however, it was not decided just exactly when and how it would be done. And fourth, there was

discussion of putting 'Pollutant' Trading into a rule format but it was not clear if this was necessary. In response to a question on the use of the word 'Effluent' or 'Pollutant,' Susan said the trading guidance document would be titled Pollutant Trading vis-à-vis Effluent Trading.

5. **The Idaho Clean Water Cooperative.** Bruce Smith reported that the articles of incorporation for The Idaho Clean Water Cooperative, also known as The Association, have been filed. He also reported that the Board of Directors has been reduced from six to three because additional members were not readily available. The directors are Marti Bridges, Robbin Finch (for Bill Ancell) and himself. Non-profit status has not been requested but after a short discussion it was decided to file for it. Robbin Finch was asked to see if the City of Boise would pay the \$500.00 filing fee.

### **ACTION ITEMS RECORDED DURING ANNUAL MEETING DISCUSSIONS**

1. Idaho Soil Conservation Commission (SCC) efforts to establish agricultural base line loads used 1996 as the base year. To the extent the SR-HC TMDL utilizes a different base line year, the SCC will need to revise agricultural base line loads. Responsibility = SCC.
2. The Lower Boise River Effluent Trading Program Summary document contains an approach for creating incentives for early phosphorus reduction activity. Meeting participants indicated that the approach should be examined in light of the schedules currently anticipated for the SR-HC and Lower Boise River TMDL. Responsibility = DEQ, State Office.
3. The current draft of the agricultural BMP list should be revised to make more explicit reference to the source(s) for specifications and to clarify BMP "add-on" specifications (e.g., specific program requirements for BMPs associated with participation in the Lower Boise River trading program). Responsibility = SCC
4. The agricultural BMP list should discuss in greater detail the agricultural base line "stability" (e.g., how to account for changes in the base line associated with changes in crop type). Meeting participants indicated that the Agricultural Workgroup had discussed this area previously and that summaries from their meetings could therefore provide a starting point for further work in this area. Responsibility = SCC.
5. Further work is needed on the BMP list. For example, protocols are needed for measured phosphorus credits (the current draft of the BMP list focuses on protocols for calculated phosphorus credits), and additional BMPs should be added to the list (e.g., wetlands), as well as combination BMPs (e.g., sediment ponds and wetland systems). Responsibility = SCC.

6. Due to emerging nutrient management and CAFO rules, additional attention/review is needed to identify their relationship to the Lower Boise River trading activities.  
Responsibility = DEQ, Boise Region.
7. Additional input was requested on the following areas related to preparation of the Idaho State Trading Guidance Document. Responsibility = DEQ, State Office
  - Clarity on the BMP approval process with emphasis on the roles and responsibilities of the existing BMP technical groups.
  - What should be the nature of the public review for the BMP list?
8. Discussion regarding The Association identified three areas that need future work.  
Responsibility = The Association.
  - Establishing by-laws for the organization.
  - Establishing 501(C)(3) status.
  - Establishing a trade tracking system (which in near term, with limited trading expected, could take the form of a paper-based system).

**SHORT TERM NEXT STEPS (3 to 6 Months):**

1. DEQ (Boise Region) will look to establish specific approaches to localized impacts and water quality contributions as part of preparing the Lower Boise River TMDL Waste Load Allocations.
2. The SCC and DEQ (Boise Region) will complete the initial BMP list.
3. DEQ (State Office) will complete the Idaho Trading Guidance document.
4. EPA will refine the ND PES permitting approach to trading through further consideration of the permit's relationship to the BMP list and through consideration of a watershed-based permitting approach.
5. EPA will be working to modify the DMR form to accommodate trading by adding two additional reporting lines through HQ, EPA (Water Program Office) and the Office of Management and Budget.
6. The Association, in coordination with EPA, DEQ and WRI, will continue to pursue opportunities for creating an automated trade tracking system.
7. DEQ, Boise Region, will complete the 1<sup>st</sup> Annual Status Report.