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Ohio EPA Revises Water Quality Trading Program Rules

Ohio EPA is proposing revisions to the water quality trading program rules that would clarify when and how water quality trading could be used, and will hold a public hearing Aug. 21, 2012. The voluntary credit trading program only affects stakeholders participating in water quality trading.

The Aug. 21 hearing will begin at 10:30 a.m. in Ohio EPA's conference center room B, 50 West Town Street, Suite 700, Columbus. The hearing will give interested parties an opportunity to testify or submit written comments on the rules being proposed. Persons attending the hearing should bring ID.

Water quality credit trading is a tool for achieving water quality improvements. Because sources in a watershed can face very different costs to control the same pollutant, trading programs are used to allow facilities facing higher pollution control costs to meet their regulatory obligations by purchasing environmentally equivalent (or superior) pollution reductions from another source at a lower cost.

For example, a new tri-state water quality credit trading program recently was announced for Ohio, Indiana and Kentucky that would encourage trades between industry and agriculture in the Ohio River basin. Farmers in the three states could implement relatively low-cost land management strategies that would reduce agricultural runoff heavy in phosphorus and nitrogen compounds. Those reductions would generate "credits" for farmers which they could sell to industrial facilities. This allows the same water quality improvement to be achieved but at a lower overall cost.

The following rule changes are proposed to Ohio's statewide voluntary trading program:

- add that a water quality credit would not cause or contribute to a violation of water quality standards;
- allow water quality credits to be used to comply with the technology-based limits for total nitrogen and phosphorus defined in the antidegradation rule;
- disallow water quality credits from being generated through nonpoint source load reductions funded through Ohio EPA's Water Resource Restoration Sponsorship Program;
- not allow water quality credits to be generated by using habitat restoration projects or by best management practices that were implemented to comply with a nutrient management plan required in a permit-to-operate;
- change the size of hydrologic unit codes;
- revise water quality baseline provisions for areas where there is not an approved water quality plan, or where water quality fully supports designated uses; and

- add compliance requirements for permittees participating in a water quality trading program.

Water quality trading works best when:

- there's a "driver" that motivates facilities to seek pollutant reductions, such as a Total Maximum Daily Load (TMDL) requirement or other more stringent requirement in a discharge permit;
- sources within a watershed have significantly different costs to control a pollutant of concern;
- necessary levels of pollutant reduction are not so large that all sources in the watershed must reduce as much as possible to achieve the total reduction needed; and
- a watershed stakeholder and regulator are willing to try an innovative approach and engage in solving trading design and implementation issues.

For more information regarding the proposed rulemaking that governs water quality trading credits, or to receive a copy of the [proposed rules, check online](#), or contact Gary Stuhlfauth at (614) 644-2026, or gary.stuhlfauth@epa.state.oh.us.

Those wishing to be on Ohio EPA's interested party mailing list or submit comments should contact Ohio EPA's Division of Surface Water, Rule Coordinator, P.O. Box 1049, Columbus, Ohio 43216-1049, or email Gary Stuhlfauth (above). Comments will be accepted through 5 p.m. Aug. 21, 2012. Ohio EPA considers all comments and makes necessary changes before adopting rules.