

Yakima Basin Point Source Group

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DEPARTMENT OF ECOLOGY

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WATER QUALITY PROGRAM

November 15, 2010

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Water Quality Program
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Thank you for the opportunity to comment on the **Draft Water Quality Trading Framework**. It is encouraging to see the Washington Department of Ecology (Ecology) engaged in water quality trading. The Yakima Basin Point Source Group agrees that a successful trading strategy can better prioritize the inevitable costs of environmental compliance with better results for the water quality and the environment.

The Yakima Basin Point Source Group (PSG) is composed of over 20 municipal and conservation organizations in the Yakima Basin. It has been meeting for over two years and has invited Ecology to work on the development of conventional parameter TMDLs and implementation strategies such as adaptive implementation and ecosystem service markets in the Yakima Basin.

In addition to the PSG, the Yakima Ecosystem Services (YES) workgroup has formed after a two year long collaborative effort amongst basin stakeholders. The PSG supports the YES approach to watershed recovery. This approach, modeled after the one developed by the successful Willamette Partnership, recognizes the value that ecosystem services markets have for improving and protecting water quality. The PSG wants to be sure that Ecology's trading guidance does not stall our efforts, but enhances them.

It is our understanding that Ecology is working with the United States Bureau of Reclamation to begin modeling of conventional parameters in the Yakima River Watershed. The City of Yakima Wastewater Division and the local groups mentioned above wish to work cooperatively with Ecology on TMDL development. These groups feel there are better alternatives for achieving water quality goals in the basin than the typical TMDL process. The water quality benefits associated with ecosystem service markets could be a valuable part of this process.

The Yakima River Basin PSG members support contributing to a more proactive approach to TMDL implementation and trading that relies on green infrastructure (floodplains, riparian zones, wetlands, healthy forests, and carefully managed stream flow) replacing the need to over-invest in grey infrastructure (energy intense cooling towers, concrete structures, levies). The PSG requests that Ecology schedule a meeting with them to discuss working on both the Water Quality Trading Guidance and TMDL development in the Yakima River Basin. A cooperative working model will help us all meet our goals of cleaner, healthier aquatic ecosystems sooner.

After decades of expensive investment in technological fixes at Publicly Owned Treatment Works (POTW), the Yakima River Watershed dischargers are near a point of diminishing returns on "grey"

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infrastructure, but instead are open to investments in “green” infrastructure that lower costs and deliver bigger gains for the environment.

The loading capacity of the Yakima River related to dissolved oxygen, pH and temperature is limited by habitat and stream flow related parameters equally, if not more than, by nutrient and temperature loading. In addition, the most severely impaired segments of the river have internal loads of nutrients unrelated to practices conducted over the last decade. This internal load is more a factor of ecosystem services loss than pollutant loading. So, a solution driven by the “typical” technology limited controls may not be effective at improving these water quality parameters.

Our specific comments are below and reflect changes that we feel are critical to making water quality trading a worthwhile alternative for improving water quality in the State of Washington.

On page 3, under, “What is a credit?” the first bullet, “A unit of pollutant reduction is usually measured in pollutant quantity (pounds) per unit of time at a point of compliance.”

Suggested language: “A unit of pollutant reduction that can be measured in pollutant quantity per unit of time within a defined area such as a watershed, reach, bay, lake etc..”

On the last bullet of the same section “Nonpoint source credits and trading ratios must be measured or calculated from the same baseline used in the TMDL and must be consistent with the assumptions used to develop the load allocation”.

The above bullet point cuts off consideration that in some watersheds, restored ecosystem services can increase the loading capacity of a river, and this would change the assumptions used to develop the load allocations.

On page 4, the document uses the heading “Defining the trading universe”. The cliché use of the word universe should be corrected to follow the agency’s “Plain Talk” guidance.

The first sentence after the sub-heading “Determining eligible trades” starts “Ecology, with input from interested parties, will determine . . .” Please change this to “Interested parties, with input from Ecology, will determine what types of trades will be eligible . . .” It is more likely that locally developed and supported trading criteria will be successful than criteria developed by a state agency.

Regarding determination of eligible trades, it is important that local needs for water quality and ecosystem restoration drive the eligibility for trading. Although general concepts of water quality protection apply statewide, the diversity of water types in Washington is as varied as the climatic and ecological conditions throughout the state. This even varies greatly across a watershed such as the Yakima. In addition, land uses vary considerably across the state, so a one size fits all approach to BMP prescriptions in a marketing guidance will not yield a useable marketplace. Local participation to determine market eligibility is a critical foundation of water quality markets.

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Eligibility should also include consideration of watershed recovery goals. In the Yakima, a major watershed recovery goal is floodplain restoration and flow restoration. Both of these goals substantially improve water quality without directly lowering pollutant loading.

We advocate for guidance that increases the highest probability for nonpoint source reductions and ecosystem restoration. The Yakima River receives very high loading of pollutants from nonpoint sources and it has great potential for restoring functioning floodplains. In contrast, point sources contribute relatively small volumes of discharge and small volumes of pollutant loading to the Yakima River. This situation is conducive to a marketplace that will synergize water quality improvements by incentivizing the greatest pollutant reduction and ecosystem services restoration.

The paragraph under "Identifying eligible BMPs for nonpoint trades" provides no relative information to identify BMPs or specific expectations for what the BMPs should accomplish. It should be deleted, and BMPs that reduce the necessary amount of pollution to create credits should be developed by locally emerging marketplace needs.

The "Project scoping- proposal and consultation" provides Ecology overview of developing markets without guidance for supporting markets. Cooperation with scientific studies that consider innovative market development efforts is needed.

Ecology is ultimately responsible for setting Clean Water Act related goals such as TMDLs. The guidance document indicates that Ecology will determine the crediting protocols and offset limits as well. This should be by local market development, and be a determination based on the most benefit to water quality for the least cost. All opinions on this are relevant in a local marketplace. Ecology should maintain approval authority of markets, but not be responsible for resourcing the development of them.

Under "monitoring" the guidance document suggests monthly monitoring be submitted to Ecology. The document provides no statistical backing for a monthly monitoring regime. A Quality Assurance Project Plan determines monitoring frequency, not a universal application of a monthly monitoring requirement.

Under the sub-heading "Credit expiration/retirement" it mentions that a credit will expire if "policy regulation" occurs. Please explain an example of policy regulation. What does this mean?

This guidance suggests that Ecology will oversee each step of market development and implementation even at the individual project level. The scale and complexity of the needed ecosystem services restoration and nonpoint reductions in the Yakima River are very large compared to the resources available at the state agency level. Markets should be developed that rely on local, readily available infrastructure and expertise to establish markets, design eligibility requirements, register trades, and validate credits.

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The second paragraph of the first page of the Draft Water Quality Trading Framework states that "Trading can provide a fund source for nonpoint pollution controls in addition to the currently available fund sources." This may be better stated as:

Costs of environmental compliance are inevitable and necessary. Trading can allow smarter distributions of these costs and be a source of incentive for a greater environmental gain.

Thank you again for the opportunity to comment. Our general concept for developing a market is that we can always build more infra-structure, but cannot always get back our lost ecosystems once they are replaced with steel and concrete. The guidance should prioritize incentives for protecting and restoring ecosystems that produce clean water. We support a cooperative approach to development of this guidance and the Yakima River TMDLs for improvements to the Yakima River watershed.

Please contact Ryan Anderson, Utility Engineer with the City of Yakima Wastewater Division [(509) 249-6813] or Bob Farrell [(509) 839-3187], Engineer with the Port of Sunnyside to set up a meeting to discuss this further.

Sincerely,



Robert Farrell, P.E.
Port of Sunnyside, Co-Chair of Yakima Basin Point Source Group