



November 22, 2010
WP57255

Helen Bresler
Department of Ecology
Water Quality Program
PO Box 47600
Olympia, Washington 98504-7600

Subject: Comments on Draft *Water Quality Trading Framework Paper*

Dear Ms. Bresler:

Thank you for providing the opportunity to comment on the Department of Ecology's Draft *Water Quality Trading Framework* paper dated September 20, 2010.

As a strong supporter of water quality trading, Pierce County is encouraged that Ecology intends to establish a trading program in Washington State. We believe trading offers the potential to achieve better water quality benefits quicker and at lower overall costs. In order to realize those benefits, we would like to see Ecology encourage trading by providing certainty to project proponents and to facilitate early actions. We may be willing to participate in a pilot trading program to help flesh out Ecology's draft framework and serve as an example for application throughout the state.

Our specific comments regarding the draft framework document are summarized below.

- **Cover letter.** The first paragraph of the cover letter states that the framework document "is meant to serve as a 'regulatory recipe' if an area is interested in developing a water quality trading program..." This seems to suggest that Ecology expects individual dischargers or jurisdictions to take the lead in developing trading programs. Will Ecology actively encourage and support the development of trading programs?
- **Cover letter.** The second paragraph states that Ecology did not want to create another detailed guidance document, but then goes on to state that Ecology "sees the need to be explicit about the steps needed..." Pierce County believes that explicit procedures and criteria are essential to a viable trading program. Therefore, we recommend that Ecology establish general procedures based on the EPA guidelines and the Idaho and Cherry Creek (Colorado) examples, and work with trading proponents to develop the specific procedures and criteria early in the development of each program.
- **Page 1.** The draft framework suggests that trading can reduce costs and provide a mechanism to reduce loads from non-point source (NPS), which are not regulated under NPDES. The framework should note that water quality trading can also:
 - achieve early pollutant load reductions
 - act as incentive for voluntary reductions over and above what would otherwise be required
 - offset future discharge of pollutants
 - achieve greater environmental benefit, including habitat improvements
 - combine ecological services for multiple benefits, including habitat improvements

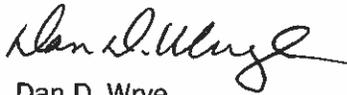


- Page 3. The draft framework states that “Nonpoint source credits and trading ratios must be measured or calculated from the same baseline used in the TMDL and must be consistent with the assumptions used to develop the load allocation.” Many TMDLs are based on limited data; however, if additional information becomes available after the TMDL has been established, Ecology should allow the new data to be used to develop and implement water quality trades.
- Page 4. The document states, “Ecology, with input from interested parties, will determine what types of trades will be eligible for each specific water quality trading program.” Developing a water quality trading program could entail substantial time and cost. Therefore, specific criteria should be available as soon as possible so proponents don’t spend time and effort on trades that Ecology is likely to deem unacceptable.
- Page 4. The draft framework document mentions that nutrients and oxygen-related pollutants may be deemed eligible. Many water bodies in Washington are “polluted” by excess temperature and fecal coliform bacteria. Does Ecology plan to allow trading to address temperature and fecal coliform problems?
- Page 5. The draft framework states that “a standard methodology must be used to estimate the amount of pollution reduction expected from the implementation of eligible BMPs.” What does Ecology consider to be a “standard methodology?”
- Page 6. The draft framework document states that during the initial consultation Ecology may either reject a trading proposal or provide “written feedback” on weaknesses that must be addressed and items that must be included. It is important that criteria and procedures be established as early possible during the development of a trading program. Otherwise, uncertainty will likely deter potential proponents from investing the time and money needed to develop trades.
- Page 7. The draft framework document states that Ecology will determine the amount of credit that will be allowed for the proposed actions. As noted in preceding comments, Ecology needs to establish the specific criteria and procedures it will use to judge estimation methods, set baselines, and establish trading ratios, so trading proponents can determine whether a given trade is likely to be viable before spending substantial time and money developing proposals, preparing QAPPs, conducting studies, and preparing reports.
- Page 8. The draft framework document states that approved credits may expire “if they become actions required by a permit, by a TMDL load or wasteload allocation or TMDL implementation plan.....” As noted in the cover letter and on pages 2 and 3, Ecology sees TMDLs as the main drivers for trading. Please clarify.
- Page 8. The draft framework document states that approved credits may expire “... by policy regulation.” If established trading credits can be negated by “policy regulation,” the value of the credits would presumably go to zero. This uncertainty could prevent trading in the first place.

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Thank you again for the opportunity to comment. Please contact me if you would like to discuss. My number is (253) 798-4672.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan D. Wrye". The signature is fluid and cursive, with a prominent loop at the end.

Dan D. Wrye
Water Quality Manager

DDW:kj