


Water Quality Trading

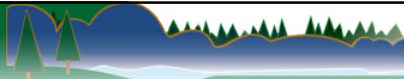
A Market-Based Approach in Wisconsin

Hypoxia Task Force Meeting
February 4, 2020

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1



Phosphorus Implementation

- Trading program began in 2013, after P WQS established
- Water quality based effluent limits are the main driver for water quality trading.
- Trading is not a silver bullet to address NPS; it is a compliance strategy for point sources.

2

Wisconsin's Existing Framework

- Water quality trading is an offset of an end of pipe discharge—requires an improvement in water quality.
- Wisconsin utilizes a trade ratio to add flexibility, encourage prioritization of effective management practices, and ensure that trades result in an improvement in WQ.
- Geographic extent of trades exist because a water quality trade is an offset of an end of pipe effluent limit; however, we do allow for both upstream and downstream trades occur.
- Wisconsin allows interim (currently 5 year) credits to provide temporary credits for reductions below current practice but above the long-term credit threshold

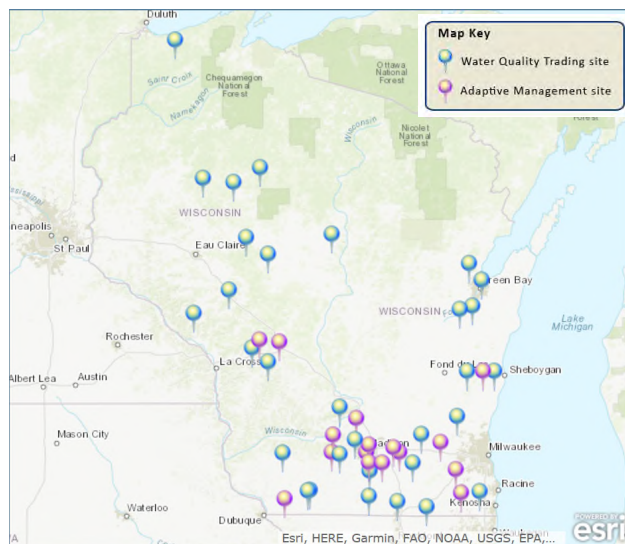
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Current WQ Trading in Wisconsin

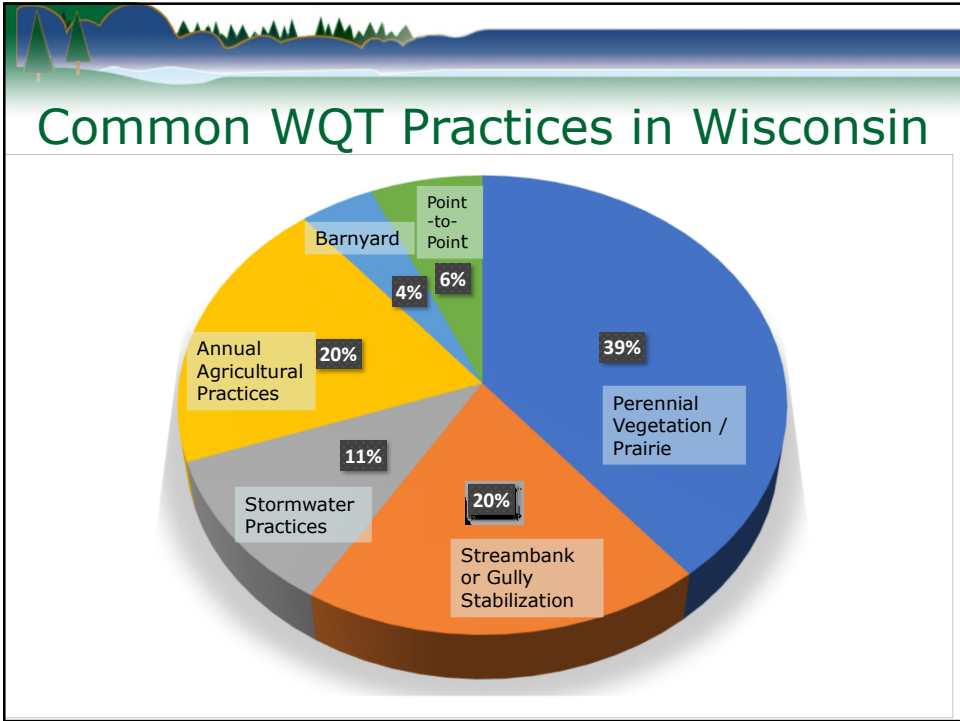
18 Implemented
26 Approved
13 Under Development

Phosphorus limits are phased in over 5-year permit term and facilities typically have compliance schedule of 7 to 9 years to fully implement.

**Average trade ratio
 1.8:1**



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