

Great Lakes Trading Network

Summary of the November 8, 2000 Conference Call

DRAFT

The call began at 11:00 am EST. Mark Kieser, Mark Crimmins, Jim Klang, Linda Stoll, Jim Pinkham, Patricia Zurita and Allison Wiedeman participated. The call was chaired by Dave Batchelor.

The summary of the October 11 conference call has been finalized (attached).

Program Updates:

WRI Nutrient Net

Patricia reported that the prototype test went well. Eighteen people participated and 'trading was active'. Paul told me that almost cornered the market. Staff from WRI and Texas A&M tested the model for user-friendliness and simulated phosphorus trading. PS/NPS trading was conducted at a 2:1 trading ratio with agricultural reduction costs of about \$6.00 per pound. The control cost for point sources was at or above \$15.00 per pound. Around 13,000 credits were traded at an average of \$5.63/credit. WRI will be updating the model based on feedback from the test. Another test is being planned for the first two weeks of December.

Patricia will send members of the GLTN a summary of the test sometime next week. WRI is exploring opportunities for partnerships with larger firms to obtain better technology and expand the Nutrient-Net.

Patricia reminded folks of the need to finalize the MOUs for Minnesota, Chesapeake Bay, Michigan and the Lower Boise.

Water Quality Trading and Green House Gas Reductions

The group spent some time talking about the relationship and opportunities for changes in agricultural practices to be traded in local water quality and regional air emission markets. Carbon dioxide and nitrous oxide are two of the most potent green house gases. Studies and presentations that will be given at the Hague next week will show that changes in agricultural practices that incorporate more carbon in the soil and reduce evaporative loss of nitrous oxide can provide significant benefits to both air and water quality.

Jim Klang pointed out that in Minnesota much of the agricultural land is tilled and that implementation of cropping/tillage practices that incorporate more nitrogen in the soil can result in higher nitrate levels in ground water and tile discharges to surface waters. Jim also shared Minnesota's "additionally" policy with the group. Minnesota's policy does not allow required reductions to be tradable. This would affect trading in multiple markets in Minnesota and other

programs with similar provisions.

EPA Final Regulations

Jim Pinkham brought up the fact that EPA has intentionally not included provisions for trading in final regulations. Jim prepared the attached document in which he extracted references that EPA made to trading in the final TMDL rule. This is very interesting and may be of some help to those in the group that are trying to figure out how trading can occur in the context of TMDLs.

GLTN Dedicated Website:

Mike Crimmins has the dedicated GLTN website up and running. He is finalizing links and adding material to the Programs, Links and Conferences pages. Mike invited the group to provide him with comments on the existing site. The group was also asked to provide program updates for us to add to the website so we can keep it current.

The website address is <http://www.gltm.org>.

Check this site out, it is really cool.

The GLTN

There was some discussion on the relationship of the GLTN to WRI's Nutrient-Net and how these two entities could be used to work for the benefit of the programs and projects represented on the GLTN. Representatives of the Fox Wolf Basin 2000 expressed an interest to participate with WRI and the Nutrient Net.

While both the GLTN and WRI Nutrient Net are providers of information, the GLTN has focused more on policy and program content while the Nutrient Net is seen as more of a tool to facilitate trading once markets are established by individual programs.

The group was given a question as to how a collaborative effort between the GLTN, WRI and individual projects on the GLTN could be developed to secure additional funding. Additional discussions on this will follow on subsequent calls.

Next Steps

I am working with folks on the GLTN to prepare a 'planning grant' proposal in conjunction with seeking funds for administering or passing grants through to trading projects and brokering

trades. If all goes well this will be completed for discussion at the next call.

Next Call

The next call will be held on December 19, 2000 at 11:00 am EST. The call will last 1 hour. I will be providing an agenda in about 2 weeks. If you have a project or program update or other topic of interest, please let me know.
