

Discussion Session #2: HOW DO YOU MEASURE THE SUCCESS OF A TRADING PROGRAM?

The comments summarized from the flip charts in this discussion session could be categorized into four general themes to measuring success of a water quality trading program:

1. *Viability/Sustainability.* The group listed a way to measure success could be found through a collective assessment of outputs and outcomes, comparison of program efficiencies, and program effectiveness. Assessing viability of trades, markets, and pollutant control methods is another way to measure the success of a trading program, specifically:
 - (a) Sustainability of the trade for point and non-point sources
 - (b) Success of actual trade
 - (c) Establishment of an effective market
 - (d) Actual size of the market vs. potential size
 - (e) Sufficient sustainable BMPs
 - (f) Assessment and maintenance of long-term BMPs

Other comments provided during the discussion session implied that the sustainability of trading is a measure of success. Sustainability can be represented by:

- (a) The level of positive behavioral change regardless of number of trades;
- (b) Flexibility of a program as opposed to command and control;
- (c) Ensuring effective stakeholder participation;
- (d) Learning from lessons of pilot programs;
- (e) Efficiency of trading program design; and
- (f) Developing a contingency plan (“Plan B”).

The audience listed the “least-cost approach” as one way to measure the success of a trading program. This could be interpreted to mean the viability of a trading program is sustained through attainment of a least-cost approach. Finally, the group indicated that periodic evaluations are useful in measuring the success of a trading program.

2. *Environmental Impact.* A direct means of measuring success is achieved through examination of environmental impact. Assessing the achievement of an environmental goal, as compared to other programs, or compared to that which would have been achieved without trading is helpful in determining the success of a trading program. Further, one could examine whether the BMPs performed achieved or surpassed the expected water quality goal. In order to conduct this assessment, the group mentioned that monitoring and validation is necessary; for instance, verification could occur through post-implementation monitoring. Monitoring could also aid in determining there are no localized impacts, an important factor in determining the success of trading. In addition, monitoring

and verification are tied to ensuring the appropriate baseline allocation was applied in the trade scenario. Finally, the group stated that other ways to measure success would include examining the additional benefits (e.g., multiple ecosystem services) achieved through trading. This concept is supported by another comment, taking a holistic look at unintended consequences.

3. *Integration Into/Acceptance by Regulatory Program/Agency.* The success of a trading program may also be measured by the degree of integration or acceptance into a regulatory program or agency. For instance, one comment inferred that trading should be viewed as a standard program, rather than an unusual one. In addition, the group mentioned that trading should be seen as an alternative to regulation; this may suggest greater acceptance and flexibility (tied to sustainability and viability). Of course another parameter of a program's success includes compliance with the Clean Water Act (including legal compliance, environmental regulations, state requirements, TMDLs, etc.). A successful program should ensure compliance with all statutory, administrative, and environmental requirements. An additional comment made along these lines is that a trade should achieve compliance with required reductions. If a program is accepted or adopted early on in the process, some noted this may be another measure of success. Finally, ensuring that appropriate resources for program enforcement and evaluation are available is critical to a successful trading program.
4. *Equity.* The group identified the need for ensuring equity in trading programs; this could be a factor in determining the success of a trading program. The audience mentioned assuring there is environmental equity; equity in baseline determinations; and equity of benefits received. Further, the group identified a necessary factor of successful trading programs (not so much a measure of success) is the stakeholders' perception of equity in trades. Finally, the discussion revealed there should be an equitable opportunity to participate in trading, in order for a trading program to be successful.