



Great Lakes Trading Network

developing and implementing market-based strategies for healthy, sustainable ecosystems

Draft

November 20, 2002 Conference Call

Representatives from the following organizations participated in the conference call: Texas A&M University (Rich Woodward), EPRI (Gordon Hester), CH2M Hill-Ontario (Dennis O'Grady), Resources for the Future (Jim Boyd), Abt Associates (Mark Landry), Colonial Soil and Water Conservation District, Virginia (Brian Noyes), World Resources Institute (Patricia Zurita), EPA-Chesapeake Bay Program (Allison Wiedeman), Kieser & Associates (Mark Kieser, Andrew Fang, and Mike Tenenbaum). Mark Kieser chaired the call.

October Call Summary

Mark Kieser reported that the October conference call summary has been posted to the website for review and comment. Appropriate action will be taken at the next call. The two main topics included: activities in West Virginia and activities on the lower Minnesota River.

ETN Incorporation

Mark Kieser reported that Articles of Incorporation for the Environmental Trading Network (ETN) have been prepared and posted to the website for potential discussion prior to being filed. Filing will take place within a few days after this call if no substantial comments are received.

Environmental Multiple Markets

K&A has posted an Executive Summary of the Environmental Multiple Markets white paper for feedback. Since participants now have the opportunity to review this document, we will set time for discussion during the next conference call.

Discussion ensued with regard to wetlands trading versus phosphorus trading. Will other "ecological services" be available to trade by the creation of wetlands, in addition to phosphorus? The most likely situation for this would be addressed through a wetlands mitigation bank. Some discussion continued on multiuse-systems versus segregated systems approaches. Demonstration projects are the next steps for the multiple markets approach. Issues nationally appear to be: (a) are there real improvements other than phosphorus/nutrient reduction that can be achieved and/or sold via multiple markets; (b) can policy obstacles be overcome? Intentions are to move ahead with these approaches as rapidly as possible. The new Farm Bill could provide funds for aspects of the multiple-market concept; there are currently several projects in early discussion phases.

Trading Conference in 2003

Trading Conferences in the coming year were discussed next. Earlier in the year, GLTN participants had considered two conferences in 2003:

- one that would focus on, more technical aspects of trading , and;
- another to focus on broader spectrum issues (who is doing what, where and how) similar to the first conference in Chicago.

EPA headquarters has expressed interest in holding a trading conference sometime in 2003, likely toward the later part of the year. They now anticipate the Trading Policy to be released in January 2003.

Jim Boyd announced that Resources for the Future (RFF) has tentatively scheduled a two-day trading conference for May 2003. Projected to be held at RRFs' own facilities, the number of participants would be limited to 150 maximum. Information on this proposal will be shared with the network for additional input. One of the motivators for this conference is to "put flesh on the bones" of the EPA policy. RFF is interested in presenting established experiences; they want to focus on the "Broad Spectrum" approach. Consideration for a third day of technical sessions, to be held at EPA has been discussed. Jim noted that details of this conference are not yet completed.

Dennis O'Grady noted that the American Society of Agricultural Engineers will be holding a conference with U.S. EPA, November 8-12, 2003 (more information can be obtained at www.asae.org). This "Second Conference on Watershed Management to Meet Emerging TMDL Environmental Regulations" will be at the Marriott Hotel in Albuquerque, New Mexico. It was also noted that the next Water Environment Federation (WEF) TMDL conference will be in Dec./Jan. 2003/04 in either Chicago or Baltimore.

The ensuing discussion determined that there is interest on the part of the Network to co-sponsor the conference being planned by RRF. Of particular interest is: How can you take policy and implement it? Any answer will likely need the input of those actually doing the work. At the same time, we will want those inside the beltway to gain exposure to the "how to's" of trading. Information on this conference can be added to the GLTN website with a link to RRF as it evolves.

During the process of setting up the December conference call, Dennis stressed the importance of working out the organizational and content details of the proposed 2003 trading conference currently being pursued by RFF. It was agreed by the call participants that these details should be the focus of December's conference call.

New ETN Website

Discussion and feedback on a new web address was taken up with the official name being changed to the Environmental Trading Network. Among the suggestions were "EnvTN",

“EnviroNet”, “EnviroTradeNet”. Some suggestions are already taken and in use by others, though for different purposes.

Tradable Credits Quantification

Dennis O’Grady indicated that a draft report on nonpoint source P load calculations developed for P trading had been prepared by a University of Ottawa master’s student and was under review by an expert panel. The report is based on literature reviews. A conference phone call was scheduled for November 21, 2002. for the panel to discuss the report. If all goes well, the report will be released to the public by the end of the year. Dennis will send a copy to be posted on the GLTN website. While recent load calculation formulae are included in the report to replace old ones (5-15 years) used previously in P trading in Ontario, Dennis indicated that primary studies on detailed P load quantification methods in certain areas, such as P load per cow, were still rare.

Brian Noyes reported a Lower James River (Virginia) Watershed Roundtable meeting held at the local planning district on Nov. 7. The meeting was attended by local city managers, conservation planners, and the general public. The concept of nutrient trading was well received although negative comments were also heard in the meeting. Brian noted that with comments from both sides, middle ground could be found. Allison Wiedeman from EPA indicated EPA’s willingness to support a pilot trading project if some watershed would participate in the project. State bureaucracy remains an impediment but a demo project might still be palatable. Actual support (funding, policy, or other forms) it can provide is unclear. Brian hopes to carry out a pilot project in the Lower James River Watershed that can build consensus, educate the public, and produce some credits for trading. Brian stated that at this moment, the idea of a pilot trading project had the support of all major crop producer associations in the watershed and the major obstacle came from the state bureaucracy (namely, the Dept. of Conservation and Recreation). Dennis commented that Ontario trading has farmers and politicians involved in the decision making process which has helped move things forward. Brian further noted that generating a watershed management plan with a trading component would advance the effort to form a pilot/demo project. Brian also mentioned a conversation he had with Jeffrey Loser from USDA on the new Conservation Innovation Grant (CIG) in the 2002 Farm Bill. Jeffrey noted that the Secretary of Agriculture has much flexibility on how much to spend on this grant. (A local SARE was rejected) No final words yet about dollars available through the Farm Bill.

Patricia reported that WRI is trying to set up a meeting with USDA next week or early December to discuss nutrient credit calculation algorithms used in NutrientNet. WRI is very interested in developing this phosphorus P reduction estimation tool for broader applications.

Next Call for December, 2002

The next conference call is scheduled for 10:30 AM, EST (9:30 CST) on Wednesday, December 18, 2002. Tentative agenda includes:

- Action item – Approval of October and November Call Summaries
- Organizational and content details of the proposed 2003 trading conference currently being pursued by RFF
- Discussion: Executive Summary of the Environmental Multiple Markets white paper (as now posted on website)
- Other Trading Conferences in 2003
- Update on participant activities
- Next meeting date

Should anyone have other business they would like to see on the agenda, please email the topic and a brief description to Mark Kieser. A meeting reminder with an updated agenda will be provided prior to the next meeting.