

General Questions about Water Quality Trading

*If there are questions about our Water Quality Trading (WQT) Program not addressed in this or the additional FAQ documents provided by the department, please let us know by filling out our feedback form. **Click [HERE!](#)***

Glossary of Key Terms for this FAQ

The following terms are helpful to understand when using this document.

- **Baseline:** Means the practices, actions, or levels of nitrogen, phosphorus, or sediment reductions that must be achieved before a credit seller become eligible to generate credits, enter the market, and trade credits.
- **Best Management Practice (BMP):**
 - Means a practice, or combination of practices, that is determined by the Chesapeake Bay Program to be an effective and practicable method of preventing or reducing pollutants generated by point or nonpoint sources so as to minimize the movement of those pollutants into or remove those pollutants from waters of the State, or mitigate flooding.
 - Includes structural and nonstructural pollution controls, operations, and maintenance procedures and practices that prevent or reduce pollutants.
- **Certification:** means the process in which credits are quantified by the Department or Department of Agriculture and place on the Registry, or the result of this process.
- **Chesapeake Bay Program (CBP):** means the regional partnership of federal and state agencies, local governments, nonprofit organizations, and academic institutions that leads and directs Chesapeake Bay restoration and protection.
- **Credit:** means a unit of load reduction equaling one pound of nitrogen, phosphorus, or sediment.
- **Department:** means the Maryland Department of the Environment
- **Generator:** means the original source of pollution reductions embodied in a credit, regardless of subsequent buyers and sellers of a credit.
- **Local water quality impairment:** means conditions in a non-tidal river, stream or impoundment that would cause the non-tidal river, stream or impoundment to be listed on the 303(d) list for nitrogen, phosphorus, or sediment.
- **Person:** has the meaning stated in [COMAR 26.08.01.01](#)
- **Registry:** means a publicly accessible online database systems used by the Department and the Department of Agriculture to administer the Maryland Water Quality Trading Program by tracking credit-generating BMPs, verification activities, credits, trades, and credit usage records.

- **Segmentshed:** means a discrete land area that drains into one Chesapeake Bay tidal segments for which a TMDL is established in the Chesapeake Bay TMDL.

Frequently Asked Questions

What are Water Quality Trading credits?

- A credit is a unit of load reduction generated below any required nutrient or sediment reductions. For WQ Trading it is defined as one pound of nitrogen, phosphorus, or sediment.

Do credits have to be whole numbers?

- Yes, if your calculations return a decimal place or fraction, then round the credit **down** to the lower whole number.

How much do credits cost?

- It is a market driven process, MDE does not set or cap any credit costs. However, a preliminary estimate could be based on what you're willing to pay and/or how much it would cost to institute a BMP to meet permittees' compliance requirements.

Can I sell to multiple entities, or am I limited to one?

- Each credit can be sold separately, because each credit has its own credit ID code.

The State/Federal government provided partial grant funding for my practice, can I generate WQT credit?

- Yes, however the amount of credit will need to be prorated based on the fraction of the BMP funding from non-Federal, non-State dollars. BMPs that received full funding from State or Federal grants may be used toward baseline, but cannot participate in the WQ Trading program.

How does the term vintage apply to using credits?

- It means that credits generated in a particular calendar year can only be used to satisfy conditions for that year, and cannot be aggregated with credits from other vintage years to satisfy goals. (e.g. 2019 permits cannot be met with 2018 & 2019 credits combined, only with 2019 credits)

Why aren't Agricultural BMPs included in this guide?

- This guide was produced for the sectors of trading that MDE has authority to oversee, all agricultural related questions for WQ Trading are to be directed to the Maryland Department of Agriculture (MDA). Contact information is on our trading website.

How are the current Trading Regions defined?

- The original 3 proposed trading regions did not take into account the provision for protecting local water quality. After careful consideration of the provision, MDE made an interpretation based on the Clean Water Act that in order to protect local water quality, trading regions would need to be based on the Bay Segment level where the individual

TMDLs for Chesapeake Bay Water Quality need to be met. Please see our Tools and Resources website for interactive maps of our current trading regions.

I have a new/innovative BMP, can I generate credit?

- BMPs that are not currently approved by the Chesapeake Bay Partnership are not eligible for generating credits in Maryland's WQT Program.

How do I get my BMP approved for inclusion into the WQT Program?

- Your BMP must be sponsored by the Chesapeake Bay Program workgroup that applies to the sector in which you'll be installing your BMP. Examples include Agricultural workgroup and the Urban Stormwater Workgroup.
 - [Link to Urban Stormwater Workgroup](#)
 - [Link to Agriculture Workgroup](#)

Why aren't Septic Connections included in the Trading Program?

- When a septic system is connected to a sanitary sewer system, the load reduction for that system is added to the discharge capacity of the wastewater plant that it is connected to. This process is managed through WW permit reporting.

Do I have to post all my credits for certification, or sale?

- You do not need to certify all of your available credits, however if you intend to trade a credit, it will require certification.
- You do not need to post all of your certified credits for sale.

When will the joint Registry be online?

- The Department is working with MDA to finalize the tool pending some minor upgrades. It is expected to come online by February 2020.

What if a BMP does not perform in conformance with its certification?

- The Department may order repairs or other remedies to address any issues, additional inspections, or written substantiations that corrective measures have been taken. The Department may suspend or revoke certification if a BMP is not performing in conformance with its certification.

Who can purchase my facility's credits?

- Credits can be purchased by anyone. Credits can typically be used to meet permit requirements in the same [Bay TMDL watershed](#) that the credit was generated. Credits generated from a wastewater treatment plant cannot be used to meet permit requirements under another wastewater permit within this cross-sector trading program.

Where do I go to post credits for sale, find buyers, or find credits for sale?

- There is currently demand for credits to meet stormwater permit requirements. Facilities interested in purchasing or selling credit can list post their information to the [Water Quality Trading Market Board](#).

Credit Adjustment Factors

Credit adjustment factors affect both the generation of credits, and the purchase of credits.

- **Edge of Tide (EoT) Ratio:** The EoT Ratio is a numeric adjustment factor to normalize loads based on delivery to the mainstem of the Chesapeake Bay. This adjustment factor accounts for the attenuation of a pollutant on its way through tributaries to the mainstem of the Bay. The ratio varies depending on the distance the pollutant has to travel.
- **Reserve Ratio:** Five percent of each credit generated will be used by the MDE to create a reserve pool that can be used to buffer credit losses elsewhere, or be retired as water quality improvement. This is applied each time a group of credits is submitted for certification. (i.e.
- **Uncertainty Ratio:** An uncertainty ratio of 2:1 shall be applied to trades involving credits generated by nonpoint sources and acquired by wastewater point sources, unless the generator, seller, or buyer of the credit is able to demonstrate to the Department that a lower ratio is justified and protective of water quality standards. All other trades shall be 1:1 ratio.