

# Introduction to water quality trading for WWTFs

This fact sheet is intended for wastewater treatment facility (WWTF) staff who may be interested in pursuing a water quality trading project. This is a summary of [MPCA's Water Quality Trading Guidance](#), which should be referenced for additional information. A separate fact sheet is available for municipal separate storm sewer systems (MS4s) on stormwater trading.

## What is water quality trading?

Water quality trading is an exchange of pollutant credits between sources. Sources with trouble meeting allocations and/or permit limits ("credit buyer") can purchase credits from over performing sources ("credit generator/seller"). Trading can occur between:

**Point to Point** – between two permitted sources. For example: National Pollutant Discharge Elimination Systems (NPDES), permitted wastewater treatment plants (WWTPs), or municipal storm sewer systems (MS4s).

**Point to Nonpoint** – permitted to non-permitted sources. Examples of non-permitted sources (nonpoint sources) are river/stream banks, farm fields, and livestock pastures (anything not regulated under the NPDES program).

### Trading in permits:

- ❖ Water quality trading requirements are incorporated as NPDES permit conditions.
- ❖ Trading plans can be developed during NPDES permit reissuance; a complete plan is not required prior to NPDES permit issuance.

## Is trading right for my facility?

Water quality trading can provide a short-term compliance option to WWTFs to more affordably meet effluent limits than adding wastewater technology. If a facility has reduced the pollutants in its discharge below what's required, it may be able to take credit for those additional reductions (i.e. generate credits for sale).

Should your facility have a regulatory restriction for its discharge (water quality based effluent limit (WQBEL), Total Maximum Daily Load WLA and certain State Discharge Restriction). Water quality trading may help your facility meet the restriction.

- If you can meet your restriction and can treat far below what's needed, you could be eligible to generate credits to sell (point to point trading).
- If you can't meet your restriction, you could consider implementing BMPs in the greater watershed to generate credits (point to nonpoint trading).
- If you can't meet your restriction, you could contract with another entity to purchase credits they have generated (either point or nonpoint trading).

Consider the following:

- Do you have a permit limit & does your facility struggle with complying with it?
- Are you discharging to an impaired water?
- Does your facility have financial constraints that hinder your ability to meet a limit?
- Do you need more time before you're able to upgrade your facility?
- Are you a new or expanded facility where additional waste load allocation (WLA) is unavailable?
- Can trading help meet your antidegradation analysis?

**If yes to any of these, trading may be a good option for your facility!**

## MPCA-approved Best Management Practices (BMPs) for trading:

The following BMPs have been deemed acceptable for generating nonpoint trade credits by MPCA. When selecting which BMP(s) may be a good fit for your trade project, consider the pollutant(s) of concern, location of potential project in relation to impaired water, and the practice's pollution reduction potential. Your local Soil & Water Conservation District (SWCD) may have contacts interested in implementing these BMPs.

- Soil erosion BMPs (field erosion, gully erosion, stream bank erosion, cover cropping)
- Livestock exclusion
- Rotational grazing with livestock exclusion
- Critical area set aside (wetland restoration, conservation reserve program)
- Wetland treatment systems
- Alternate surface tile inlet
- Other BMPs may be considered – discuss with MPCA.



## What's the process for water quality trading?

1. Your facility is unable to comply with a current or proposed WQBEL, TMDL WLA or State Discharge Restriction.
2. Discuss with your assigned [MPCA permit writer](#) about including conditions for developing a trading plan in your upcoming permit. Trade planning can be lengthy and can begin at any time.
  - Trading language gets inserted into permits at time of reissuance/issuance.
  - Trading conditions in your permit do not necessarily require you to trade but lay out requirements and specifications of a trade plan.
3. Trade project planning:
  - Consult with MPCA Trading staff during the planning phase and before starting any project work.
  - Explore viable trading projects.
  - Calculate pollutant reductions for each trading project.
  - Submit a formal trading plan to MPCA for review and approval.For all details on trading, see [MPCA's Water Quality Trading Guidance Document](#).
4. Once your permit is issued with trade conditions, you may begin generating credits from BMPs. Permittees are responsible for the performance of BMPs used in water quality trading projects. BMPs get inspected on a regular basis to verify their condition. If a BMP is in need of repairs, Permittees are held responsible.

## FAQs:

### How long does a trade project last?

*It depends on the project and the agreements made. Some projects may last indefinitely while others may be short term. The length of the project will be specified in the water quality trading plan approved by MPCA.*

### Are other permits required for stream bank projects?

*There can be. DNR and Army Corps of Engineers may require permits to work in waters. Consult with other local government entities on additional permits/notifications.*

### Can Permittees hire a consultant to help me with a trading plan?

*Yes. MPCA does not have a list of qualified consultants.*

**What tools are available to calculate pollutant reductions?**

*There is no single tool MPCA requires to be used. Available tools include: MPCA's Pollutant Trading Guidance (Appendix D.), MPCA's [BMP effects estimator tool \(BEET\)](#) (HSPF-based), PTMApp, [Agricultural Conservation Planning Framework \(ACPF\)](#), University of MN Nitrogen & Phosphorus BMP spreadsheets, HSPF-SAM model, and/or BMP effectiveness monitoring data.*

**How can one begin to identify a potential trade project?**

*Begin planning by identifying which pollutant parameters are of concern for your facility. MPCA staff are available to assist and encourage early collaboration.*

**Want more information or help getting started?**

Contact the Water Quality Trading Program team at [WQtrading.PCA@state.mn.us](mailto:WQtrading.PCA@state.mn.us)