

Aggregator and Third Party Verifier Qualities



Photo Credit: CTIC

James Klang, P.E.
Senior Project Engineer
Kieser & Associates, LLC
jklang@kieser-associates.com

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Today's Talk

When selecting the right organization/office to be a WQT aggregator and/or a third-party verifier there are several guiding principles to consider.

Topics include:

- Eligible conservation measures used to generate credits
- Quantification tools used to estimate credit sums
- Socio-political considerations in the watershed
- Political acceptance of WQT
- Ethics and public acceptance
- Avoiding excessive transaction costs

Eligible Conservation Measures & Required Expertise

Eligible conservation practices can determine the qualifications needed. Here are two considerations to sort practice policy questions by:

Farmer Focus

- What is the likelihood of adoption?
- What is the setting (e.g., fields with rolling hills, streambank erosion)?

Pollutant Parameters

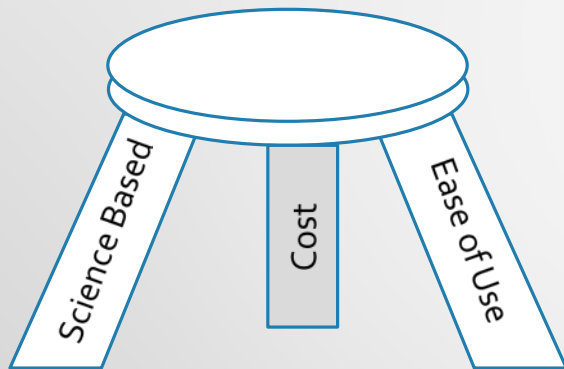
- Does the trade include something in addition to the usual suspects (i.e., sediment, nitrogen and phosphorus)?
- Dissolved reactive phosphorus?

Quantification Tool(s) Selected

Quantification tools are accurate within their assigned margin-of-safety, when used correctly.

Does the organization/office have:

- Staff knowledge and skills needed to run the method(s)?
- Special equipment needs? (e.g., computer software)
- Input values? (e.g., soil tests)
- Record keeping needs?
 - Aggregator's and trading program's files?
 - What is public and private?



Socio-political Considerations in the Watershed

Candidate offices' socio-political qualities to consider:

- Is the office a champion in the watershed?
- What is the extent of their client base?
- Do they view trading as a means to bring in additional resources?
- What is their past performance history regarding timeliness?
- What are some indicators regarding their ability to submit complete records?

Political Acceptance of WQT

When working in a watershed experiencing opposition to trading, will the candidate office help bring the program:

- Increased respect?
- Increased trust regarding real reductions?
- Opposition closer to a common ground?
- Increased defensibility?

Ethics and Public Acceptance

Aggregator/Third Party Verifier ethics discussions to have:

- Can an entity aggregate credits in their footprint while verifying credits for others outside their footprint? If so, what firewalls are necessary?
- Also a long-term workload issue, how often are site inspections (boots on the ground) and file reviews conducted?
- Record keeping, **Public** versus **Confidential** files:
 - Common sense firewalls can enhance farmer adoption when appropriate.
 - Any germane record can be requested under the Freedom Of Information Act (FOIA).
 - Some programs are successful at creating a framework where FOIA requests are less likely; making farmers more comfortable.

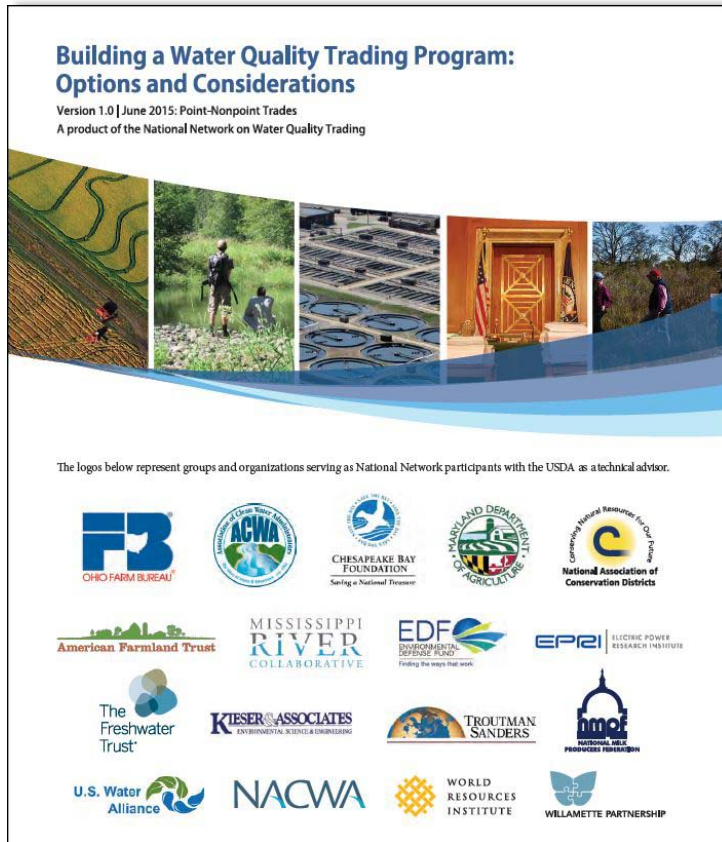
Does the program look like the *fox*
is watching the *hen house*?

Avoiding Excessive Transaction Costs

Each of the previous topics should also be examined for how the decisions raise or lower transaction costs.

- Accuracy, record keeping and defensibility are required in WQT programs.
- Program developers should strive to reach the right balance of defensibility and cost.
- Transaction costs can be as expensive as the conservation measure.
- Having local staff reduces mobilization/travel costs.
- Developers can err by compounding conservative approaches, creating redundancies, labor intensive programs and high costs.

What are the requirements/criteria



- Program Administrator
- Project planner/site screening
- Project reviewer/verifier
- Credit aggregator
- Monitoring and Reporting
- Advisor

Where do we go from here?

- AFT/NACD Project
- Conservation Planning Guidance?

