

# Key Decision Making Processes and Actors in Developing Water Quality Trading Programs

We have built a number of conceptual models to illustrate the processes and key actors in accepting or rejecting the use of water quality trading, to confirm our understanding of the decision making structures through which trading is considered and approved. These models will serve as the basis of a rapid gap assessment whereby we can identify any instrumental decision makers that have not been involved with the Network and conversations around barriers to increasing demand for water quality trading from the municipal/industrial wastewater and stormwater sectors.

## **Process Diagrams (Slide 2-4)**

Outlines of process diagrams for TMDL development, NPDES permitting, and utility capital improvement planning show when and how trading should be addressed in the process and at which stages trading programs may encounter known barriers.

## **Utility Organizational Charts (Slide 5-7)**



Outlines of organizational charts - based on the review of a sample of large and small wastewater and stormwater utilities across the US - show what decisions different roles are responsible for and what issues they need addressed to accept trading as an option. This will help us tailor messaging to specific roles within the utility once we've identified the key actors in the decision making process.

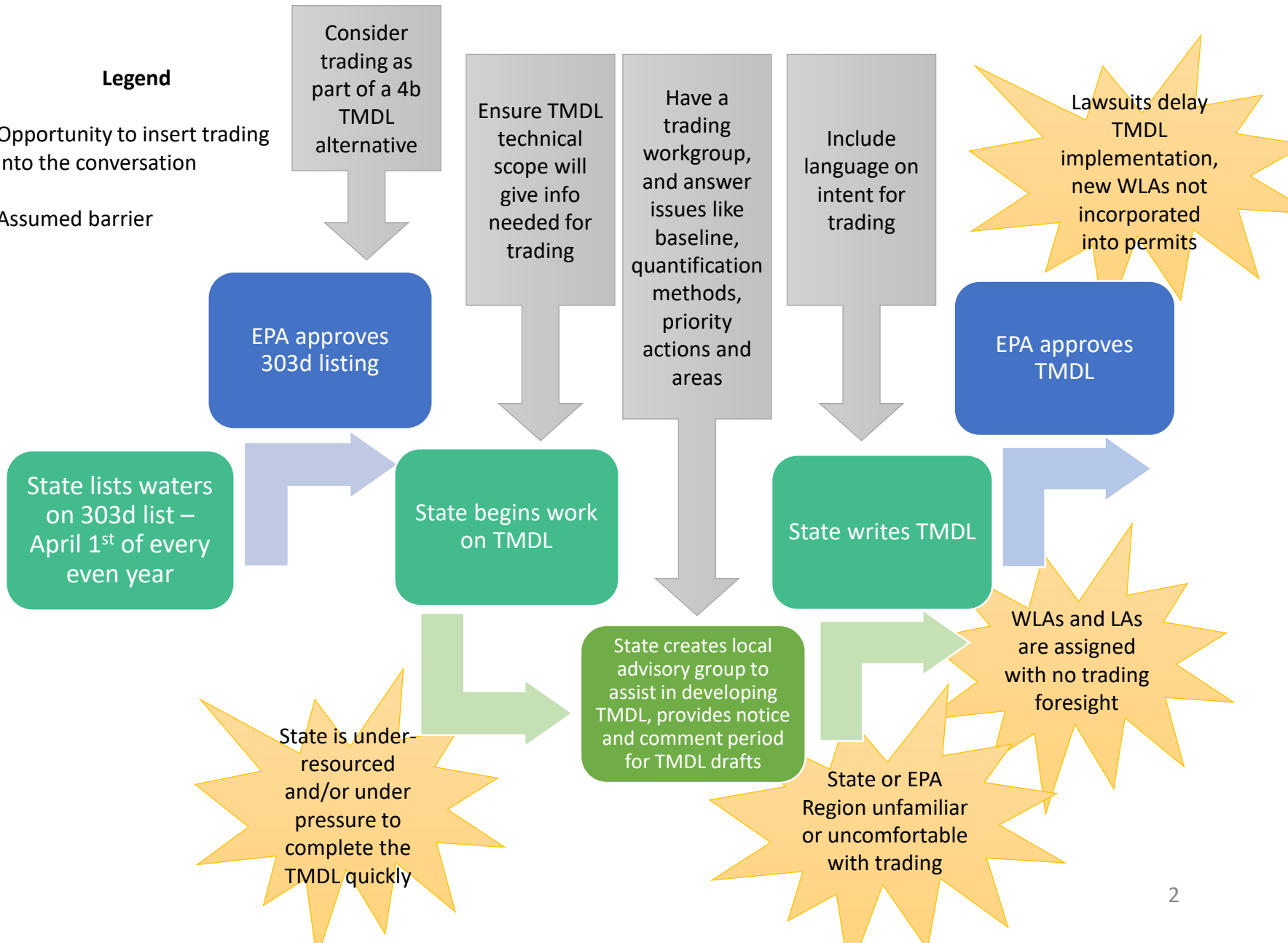
## **State Clean Water Agency Decision Making Structure (Slide 8)**

Outline of roles at a state clean water agency that are involved in processes that determine whether or not trading will be an acceptable method of meeting regulatory requirements.

# TMDL Process

## Legend

-  Opportunity to insert trading into the conversation
-  Assumed barrier



# NPDES Permit Process

Ensure state enabling policies are in place well before permit process begins; Ensure utility has economic justification, program design, and trading plan approved internally. Engage stakeholders early to identify concerns and potential challenges.

Utility develops 5 year infrastructure plan and submits it (or previously developed plan) with application for NPDES permit/ permit renewal to State

Permit writers unfamiliar or uncomfortable with trading

Engineering Mindset / not considering trading

State releases public notice of application

Ensure permit language is flexible and enforceable

State drafts permit and releases public notice of draft permit

Provide state agency with feedback on how draft permit language supports or hinders trading

State responds to comments, revises permit if necessary

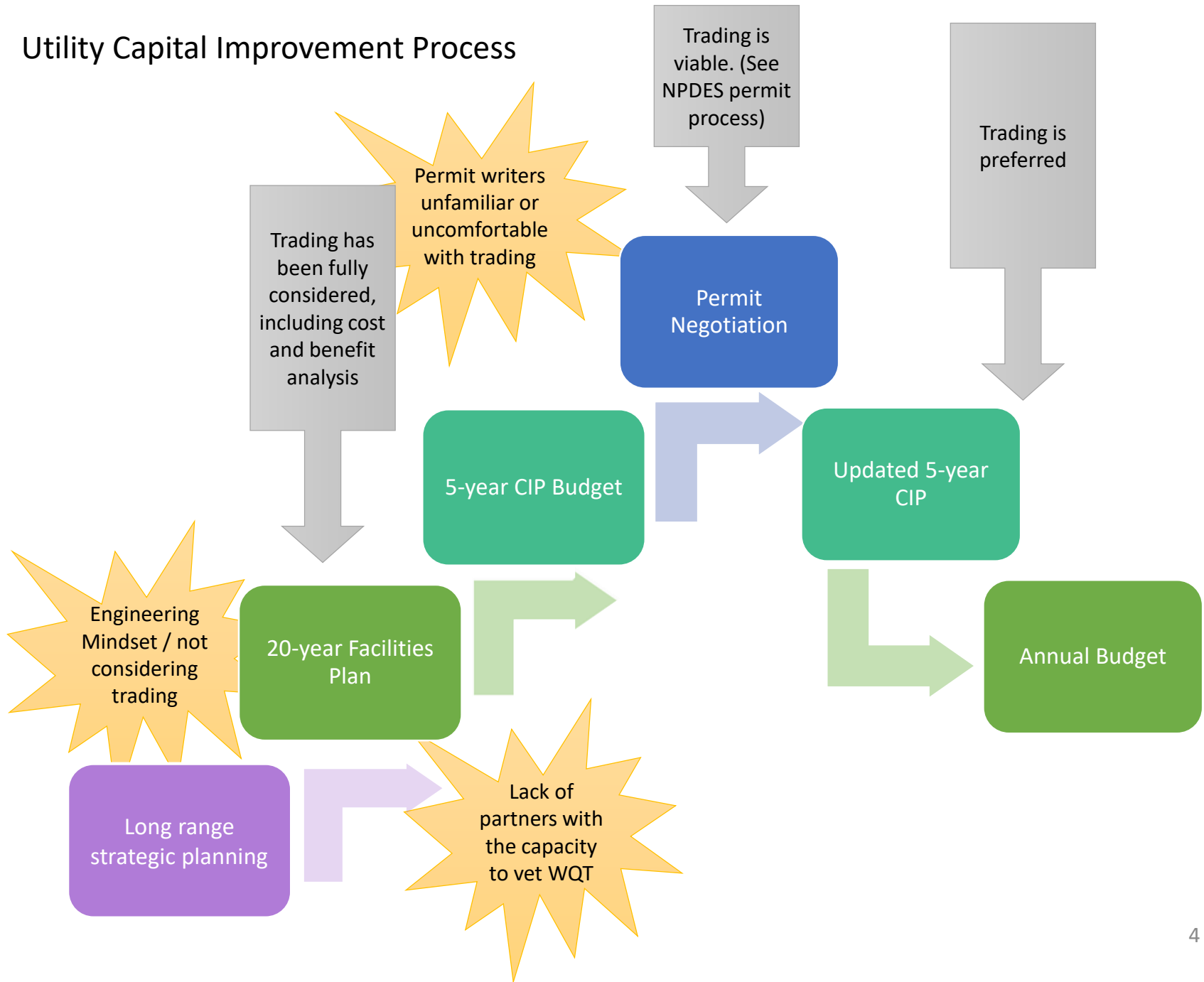
State releases notice of issuance of permit

Stakeholder opposition prompts permittee or agency to remove or reduce trading options

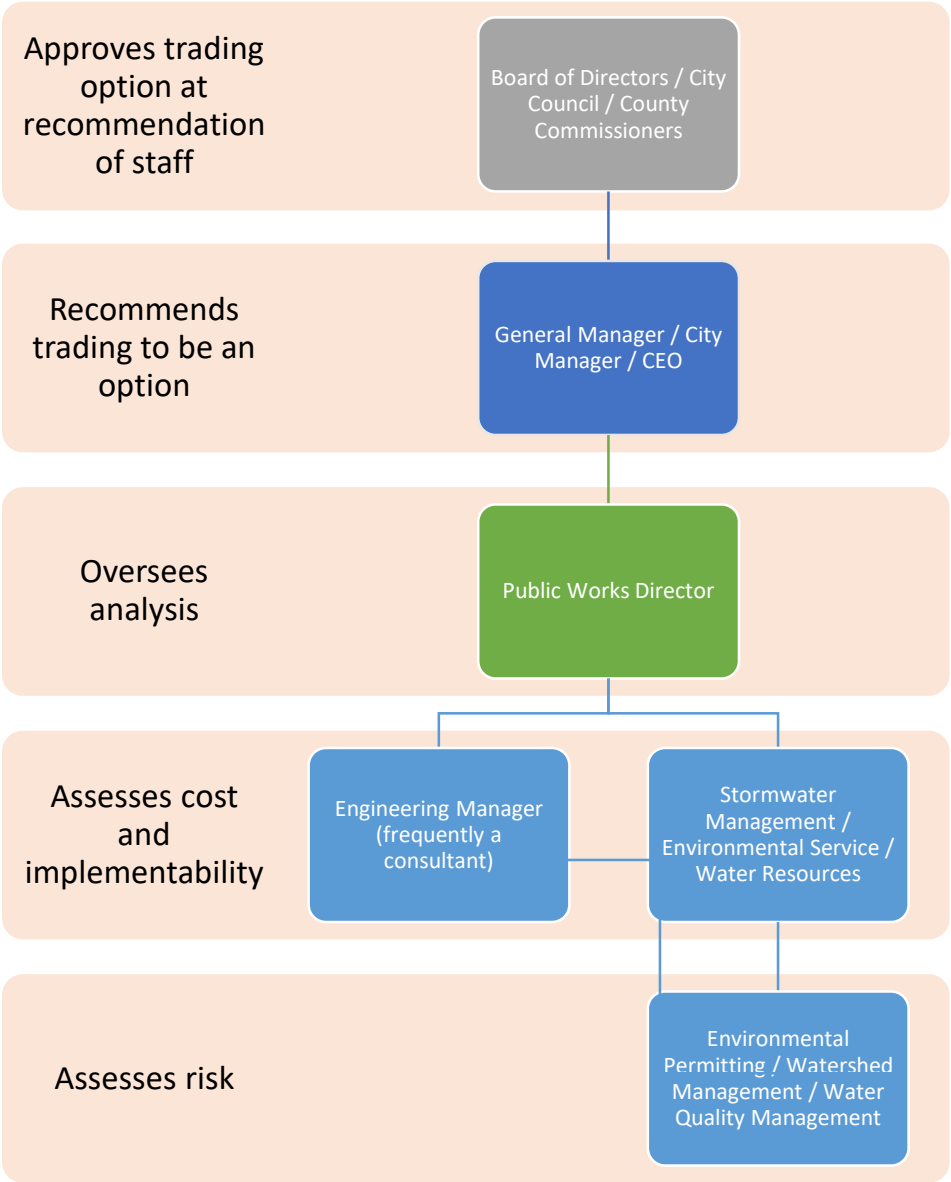
Lawsuits in state or federal court to challenge administrative procedure or higher order laws

Permit term and life of credit may not be synchronized, creating uncertainty for those credits in future permits

# Utility Capital Improvement Process



# Decision Making Structure at Stormwater Management Utility



Is WQT good for the community in terms of rates and other potential benefits

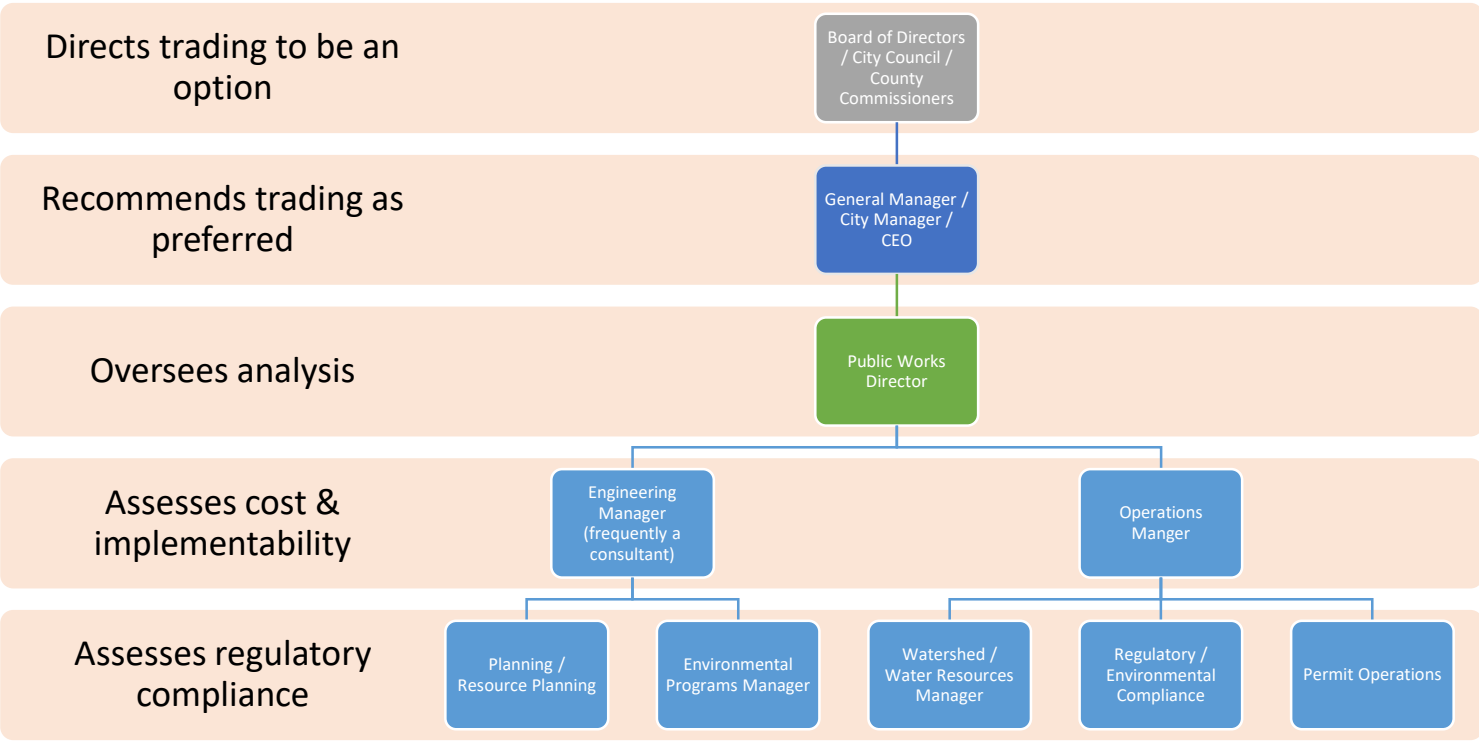
Is WQT a politically viable option

Does WQT fit into utility plans

Is WQT feasible and cost effective

Does WQT allow utility to meet water quality requirements outlined in permit

# Decision Making Structure at Large Clean Water Utility



Is WQT good for the community in terms of rates and other potential benefits

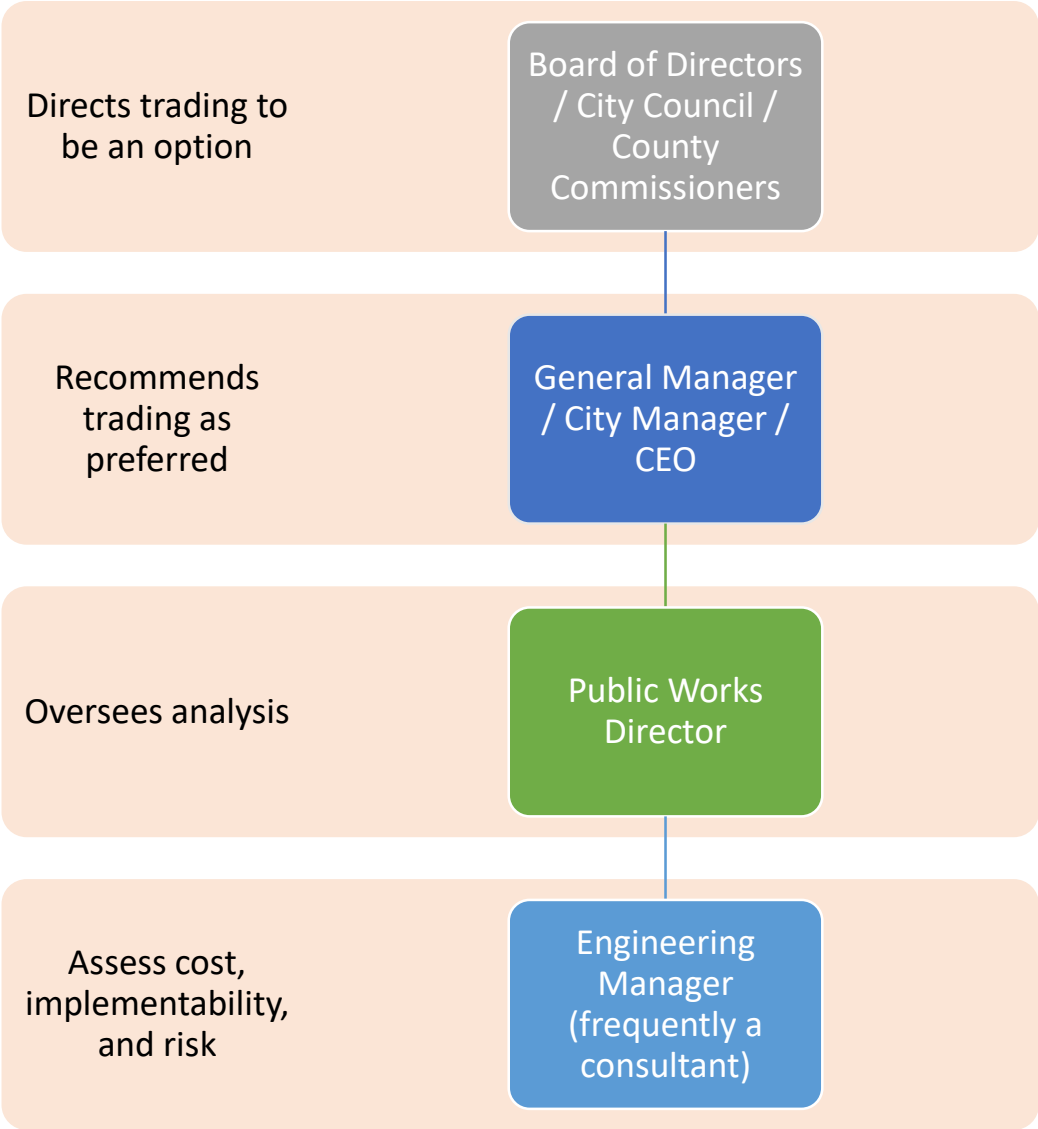
Is WQT a politically viable option

Does WQT fit into utility plans

Is WQT feasible and cost effective

Does WQT allow utility to meet water quality requirements outlined in permit

# Decision Making Structure at Small Clean Water Utility



Is WQT good for the community in terms of rates and other potential benefits

Is WQT a politically viable option

Does WQT fit into utility plans

Does WQT allow utility to meet water quality requirements outlined in permit, is it feasible and cost effective

# Decision Making Structure at State Clean Water Agency

## Governor and/or Legislature

- Appropriates funds
- May direct state to develop trading policy

## Water Agency Commissioners

- Approve trading rule
- Approve guidance

## Water Agency Manager

- Sets priorities for staff, agency resources

## Technical Staff

- Determines if trading will work in a watershed
- Defines “what is a credit”
- Develop TMDL and TMDL implementation plan

## Permit Staff

- Balances flexibility with accountability
- Formalizes compliance requirements