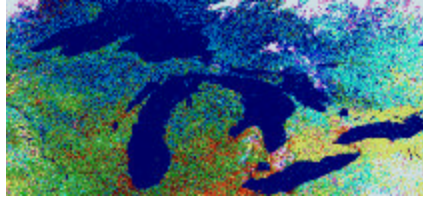


Great Lakes Trading Network



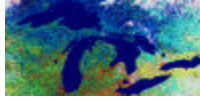
Appendix C List of Issues Encountered

Chesapeake Bay Program Trading Workgroup Issues Identification
Walden Kerns Original Categories

1. Nonpoint Issues
2. Legal/Regulatory
3. Geographical Concerns and Consistency
4. Community Concerns
5. Analytical Information Needs
6. Valuations (Economics)
7. Mechanisms for Trading

Kerns Refined Categories & Issues

1. Legal/Regulatory
 - Cap definition/assumptions/allocations (driver?)
 - Trading to meet baseline or just beyond baseline?
 - Technology standards versus performance standards
 - Role of TMDLs/NPDES permits (eliminate flexibility?)
 - Potential impacts of NPS regulations
2. Information/Analytical Needs
 - Inventory of current practices (point & nonpoint)
 - Efficiency of current practices (point & nonpoint)
 - Uncertainty about efficiencies
 - How to monitor/measure reductions
 - Analytical needs
 - Projected future loads
 - Projected ability to treat future loads
3. Geographical/Community Concerns
 - Appropriateness of or need for interstate/interbasin consistency
 - Assimilative capacities of receiving waters
 - Appropriate trading boundaries
 - Local water quality impacts resulting from trades
 - Growth/demographics
 - Treatment of private versus public pollutant sources
4. Economic/Valuation Needs
 - What alternatives are cost-effective?
 - Determining costs versus benefits
 - Valuing secondary benefits
 - Financing mechanism for trades
 - Pricing trades
 - Equity (maintaining “the polluter pays” principal)
5. Institutional/Administrative/Accountability/Enforcement



Which pollutants to trade
Time scales of trades
Trading ratios
Who creates/administers market?
Ultimate responsibility for pollutant reductions?
Who are the players/decision-makers?
Who is allowed to trade?
Who holds credits?
Should trades be within or outside of the NPDES permit program?
Would regulatory control of trading create barriers?
Federal state control versus local control
How to make trading “user-friendly”

Maryland Association of Municipal Wastewater Agencies Issues Identification

1. Market Issues
 - Projected demand for credits (market forces)
 - Projected supply of credits
 - How will the market change over time?
 - Pricing of credits
 - Potential for creative trades
2. Allocation Issues
 - How will available reduction measures be allocated between those needed to meet water quality goals and those needed to allow for growth
 - How to insure that trades supplement rather than supplant NPS reductions that should be occurring anyway.
 - How to avoid unfairly making point sources achieve NPS reductions as a condition of growth
3. Management Issues
 - How will the uncertainty of NPS reductions affect trading?
 - What are appropriate geographic boundaries?
 - What are appropriate trading ratios?
 - How will trading opportunities be identified?
4. Other
 - Interstate equity
 - Can trading allow for growth under a loading cap?