

Minn. River Board's Conservation Market plan beginning to take shape across the state

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MONTEVIDEO — What if it was possible to reduce the amount of pollution reaching a waterway by making it profitable for landowners to increase the acres of wildlife habitat in its watershed?

That's the promise of ecosystem credit trading, and why a team supported by the Minnesota River Board is working to create the Conservation Marketplace of Minnesota. It would play the role of linking those who could save money by buying eco-credits, and farmers who could profit by selling them.

It could compensate landowners for conservation practices that reduce targeted pollutants in waterways, such as phosphorus.

Growing perennial crops like alfalfa for haying, or planting native grass buffers that offer habitat for pheasant and other wildlife along waterways, may be among the qualifying practices.

“You mean, people will pay me for this?” is the question the team wants to answer with a resounding “yes,” according to Susie Carlin, Minnesota River Board program director, and Jim Klang of Kieser & Associates, of Kalamazoo, Mich. They outlined the progress toward creating Minnesota's first largescale, eco-services credit trading system to members of the Minnesota River Board at its meeting Monday in Montevideo.

Three watershed groups representing the Sauk River, Blue Earth River and middle and lower reaches of the Minnesota River are working together to launch the marketplace. Grant funding and in-kind services totaling more than \$1 million have been committed to its start, according to Carlin, whose offices are located at the River Basin Center at Minnesota State University-Mankato.

In the Minnesota River basin, new and stricter requirements are forcing wastewater treatment plants to reduce phosphorus discharges.

The marketplace would provide the treatment plants with an option: Instead of investing in very expensive upgrades, they could purchase credits representing the pounds of phosphorus they must reduce under the new requirements.

Landowners could sell the credits by implementing conservation practices that are effective at reducing phosphorus from nonpoint sources.

Klang said the goal is to make this a voluntary marketplace, similar to the Chicago Carbon Trading Market.

To work, it must be able to show that pollution reduction goals are being met, that it can save money for those buying credits and that it can compensate landowners at rates that match existing government programs.

Along with financial rewards, the credit system could offer more flexibility than do some government programs. It also could allow “stacking,” or selling credits for multiple benefits, according to Klang and Carlin.

Along with meeting these tall orders, this approach must also meet the risks that come with any market driven process, Klang said.

He acknowledged just how challenging it can be: Carbon traded for as much as \$8 a metric ton on the Chicago market at one point; more recently, it plummeted to 15 cents per metric ton.

But longer term, the team members said they believe that both policy and economics will favor a market oriented option. It can only be possible if both the market system and the mechanism to assure that credits are meeting the stated objectives exist.

The group believes that eventually an administrative fee on the contracts between buyers and sellers can make the Conservation Marketplace of Minnesota economically self-sufficient.

Klang said it will take time to reach the volume necessary for self-sufficiency, however.