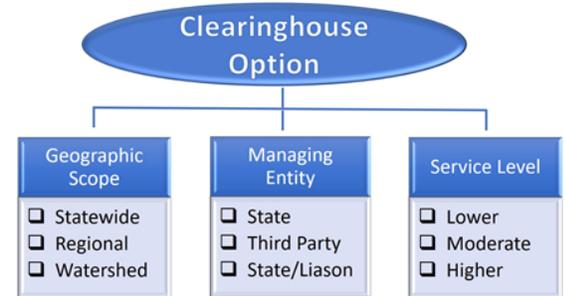


Clearinghouse Structures for Wisconsin's P Reduction Programs

Kieser & Associates, LLC (K&A) was contracted by the Newtrient, Inc. to assess strategic market-based implementation options derived from other U.S. and international clearinghouse efforts as they applied Wisconsin's regulatorily-driven phosphorus reduction programs. The state of Wisconsin in 2010 promulgated instream/in-lake phosphorus standards to address water quality needs associated with nutrient impairments to ultimately reduce adverse impacts of excess phosphorus in Wisconsin's waterways. Standards adoption resulted in more restrictive WPDES permit limits being issued to municipal and industrial dischargers. In TDML settings, these also drew in MS4s. Recognizing the burden on dischargers to meet new phosphorus discharge limits, Wisconsin DNR developed guidance for implementing options other than exclusively relying on wastewater treatment upgrades at regulated facilities. These included water quality trading (WQT), adaptive management (AM) programs and a multi-discharger variance (MDV) (referred to collectively as the P reduction programs).

Newtrient, LLC recognized the need and opportunity for the dairy industry to support these P reduction programs given the substantial dairy footprint in Wisconsin. Recognition of the need for facilitating P reduction program implementation led Newtrient to identify the potential utility of a clearinghouse operation. K&A therefore developed a series of memoranda to: 1) evaluate several existing clearinghouses used in WQT programs of North America; 2) summarize WQT, AM, and MDV efforts to date in Wisconsin to address P reduction requirements identifying ways in which a clearinghouse could facilitate their success, and; 3) the objectives and structure of various clearinghouse structures for Wisconsin. Three options offered increasing levels of sophistication and services requiring increasing legislative and policy changes. Expectations for financial investments by the state were also considered.

Option 1 reflected the services that a clearinghouse could provide with current agency capacity to facilitate water quality programs. With additional effort, Option 2 offered a



suite of services to permittees and phosphorus reduction generators based on a clearinghouse requiring no additional legislation and limited policy and program changes. Option 3 included the use of a marketplace with a pricing mechanism, and development of an insurance pool of credits, likely assuaging major concerns of permit and cost uncertainty associated with Wisconsin's water quality trading program. For the purposes of best facilitating participation in Wisconsin's water quality programs to meet the statewide phosphorus criterion, this last option provided the greatest support in program administration while reducing significant barriers to entry for participants. This inherently required additional services and costs, regardless of what entity managed this more robust endeavor.

Newtrient is now discussing with state officials, how these various clearinghouse approaches could be facilitated by Wisconsin DNR under draft legislation working its way to formal regulatory adoption.

Contact:

Steve Rowe
President & CEO
NEWTRIENT, INC.
(206) 963-0123
steven.rowe@newtrient.com
www.newtrient.com

Project Costs:
\$95,000

Project Duration:
2018-2019