

DESCRIPTION OF THE PS-NPS MODEL TRADE

9/18/00 DRAFT: For Demonstration Purposes Only

(“Parma Pounds” are used unless specified otherwise, all numbers and dates used in the example are hypothetical)

Boise is required to meet phosphorous effluent limits from April 15 through October 15 each year.

1. *Jan 1:* Boise asks for proposals (RFP) for delivering **14.7 local pounds per day**, which equals **7.5 Parma pounds per day** ($14.7 \times .51$, Boise’s West Boise Street **location ratio**) of P/irrigation season for the next 10 years, to begin in July of next year. The credits will be purchased to adjust the effluent limit of Boise’s West Boise treatment plant. The irrigation season is specified as April 15 - October 15.
2. *Feb 1:* Pioneer Irrigation District responds to Boise’s request, and offers to produce **10 local pounds per day**, which equals **7.5 Parma pounds per day** (10×0.75 , Pioneer’s **location ratio**), using a combined BMP of a sediment pond and wetland, according to the design specifications on the **BMP List**, and indicating that the sediment pond/wetland will be measured.
3. *Feb 1:* Pioneer Irrigation District responds to Boise’s request, and offers to produce **10 local pounds per day**, which equals **7.5 Parma pounds per day** (10×0.75 , Pioneer’s **location ratio**), using a combined BMP of a sediment pond and wetland, according to the design specifications on the **BMP List**, and indicating that the sediment pond/wetland will be measured.
4. *March- June:* Pioneer builds the sediment pond and wetland and Boise confirms to its satisfaction the proper design and construction of the BMP.
5. *July 31:* The first of the monthly **Reduction Credit Certificate** forms is completed. The form is filled out for each month that credits are being generated and submitted to the Association. The form certifies the BMP was installed correctly and is being maintained and monitored properly, according to the specifications in the BMP List. Since Pioneer is using a measured BMP, the monitoring is conducted using properly located monitors and appropriate sampling frequency, to determine the amount of credit to be reported on the

monthly Reduction Credit Certificate.^{1, 2} Boise, as buyer, signs the form, which certifies their assumption of responsibility for the validity of information provided on the form and their compliance with the effluent trading program requirements

6. *Aug. 10* Boise sends to the Association a completed **Trade Notification form** along with the completed Reduction Credit Certificate form so that the trade can be recorded by the Association.

When recorded, the trade first establishes the reduction credit of 10 Parma pounds per day in Pioneer's account, based on the Reduction Credit Certificate. It then records the increase to Boise's account and the corresponding decrease to Pioneer's account, based on the Trade Notification form. If Pioneer creates more credits than they agreed to transfer to Boise, the remaining pounds of credits would stay in Pioneer's account as a positive balance and would be available to sell to another buyer.

Boise and Pioneer receive written confirmation from the Association of the successful recording of the transaction.

7. *On or before Sep. 15 (and for every month thereafter for the duration of the contract):* Boise calculates its adjusted discharge on its **Discharge Monitoring Report (DMR)**³ for the applicable month by subtracting the credits reported purchased on line 2A, actual discharge minus credits purchased, or actual discharge plus credits sold; divided by its location ratio of 0.51, to its actual discharge reported on line 1A. Its adjusted discharge can then be compared with its unadjusted base permit limit to determine its compliance status. If it is below the limit, it is in compliance, but if it is above limit, then Boise is subject to enforcement action according to the NPDES regulations. Boise submits a copy of the Association trade summary report with its DMR for verification of the trades.
8. *During Sep. and each month for the duration of the contract:* Pioneer and/or Boise conduct periodic on-site monitoring as agreed to in their contract, and complete the Reduction Credit Certificate form for each monitoring period, which Boise submits with its monthly Trade Notification form (or relies on the standing order submitted to the Association to execute a monthly transfer from Pioneer to Boise for the life of the private contract).

¹ If Pioneer had used a calculated BMP, then the amount of P credit they would generate would be calculated using the BMP's formula and an **uncertainty discount** applied to reflect the overall uncertainty with the calculation's accuracy in reflecting the actual performance of the BMP. Monitoring is then conducted on the maintenance of the BMP to ensure the conditions upon which the credit calculation is based are still present.

² If an individual farmer upstream from the mouth of the drain was the seller rather than Pioneer Irrigation District, then the farmer would also apply a **delivery ratio** to the number of pounds available for sale, as indicated on the Reduction Credit Certificate.

³ This example assumes the DMR is submitted monthly because it assumes the TMDL's limit will require a monthly compliance and reporting period, but the TMDL's limit could be written to require a different compliance and reporting period.