

Summary of the February 9, 1998 Water Quality Trading Workgroup Meeting

A list of workgroup members who were present at the second meeting is attached. The workgroup voted to approve without change the draft summary of the January 13, 1998 meeting. The final summary of the first meeting is attached. Following a short discussion, the workgroup voted to approve the chair of the workgroup. The group decided that meeting summaries were a good way to document the workgroup process.

The workgroup discussed the workgroup's purpose, deliverables and organization. The primary charge of the workgroup is to identify issues, explore alternatives and make recommendations to the Surface Water Quality Division (SWQD) for the development and implementation of a statewide water quality trading program. SWQD recommendations in the Market-Based Program Feasibility Study were adopted by the Governor's Steering Committee for Market-Based Environmental Programs (Steering Committee). These recommendations establish a framework and point of beginning for workgroup discussions. SWQD will provide periodic briefings to the Steering Committee and the workgroup may refer policy issues to the Steering Committee for clarification and guidance.

The final workgroup product will be a report including recommendations for rules and other actions which are determined to be necessary for program development and implementation. The workgroup report will be reviewed by the SWQD. Controversial issues will be discussed at the department level and may be taken back to the Steering Committee and workgroup before a final recommendation or decision is made.

The workgroup felt there should be provisions for minority opinions to be expressed. The group decided to include these in meeting summaries, reports and recommendations prepared by the workgroup. It was agreed that the minority opinions will include a statement of issues or needs not addressed by workgroup recommendations and alternatives recommended for consideration. The group decided that minority opinions should be in writing and provided to the workgroup before being carried forward outside of the workgroup or included as an addendum to a workgroup report. The group agreed that meeting summaries should include minority opinions and supplemental write-ups on key issues or points of interest to the workgroup. These may be prepared by any individuals on the workgroup.

Consideration was given to expanding representation on the workgroup. The general consensus of the group was to proceed with the current group and bring technical experts in as issues or needs arise. The workgroup also agreed to the option of forming subgroups to investigate and report back on key issues.

General comments on the Discussion Document - Draft Rules (Strawman) were provided by members of the workgroup. There was general support for friendly regulations, simple and easy to understand. A suggestion was made that the rules include a preamble, similar to the format used in federal rulemaking. There was a lot of support for this concept in the group. It was suggested that explanations of rules be contained (within brackets) in the rules. There was a short discussion on rule format and procedures established by the Legislative Services Bureau. An alternative would be for the final workgroup report to include a preamble or background section and language to explain the reasons for and intent of the rules.

Recommendations were made for expanding the definitions in the rules to include: anti-degradation, BMP's, conventional pollutants, department, high quality waters, local limits, pollution prevention, pretreatment reduction credits, surface waters of the state, toxic pollutants (substances) and watershed management plans. The definition of discharge reduction credits was revised (Rule 1(n)) in response to comments. The revised definition retains the word

discharge, but includes new language to address nonpoint source loadings. This may be revisited later if necessary.

Several suggestions were made to expand the scope of pollutants to be traded, including: bacteria and flow. A suggestion was made to allow for cross-line and cross-facility averaging. These suggestions generated a lot of discussion. The group decided to focus primarily on the development of a point/point, point/nonpoint, and nonpoint/nonpoint trading program for conventional pollutants. Pretreatment trading for categorical standards and local limits and other options will be kept open as we move forward. It was pointed out that pursuing options outside of or contrary to the Steering Committee would involve going back to get consensus for moving forward.

The workgroup set the next meeting for March 13, 1998. It will be held at the Michigan Farm Bureau building and will begin at 9:30 am. The meeting will run until 4:30 pm. The workgroup expressed appreciation for the use of Michigan Farm Bureau's facilities. An agenda for the next meeting is attached.