Representatives from the states of Indiana, Kentucky, and Ohio signed an agreement today in Cincinnati to create the Ohio River Basin Water Quality Trading Program - a pilot program that will allow farmers and industrial facilities to trade pollution credits to reduce fertilizer run-off and nutrient discharges. Trading is scheduled to begin in 2015 from at least three power plants and up to 30 farms for the implementation of best-practices on agricultural land that will eliminate up to 45,000 pounds of nitrogen and 15,000 pounds of phosphorus annually into the river.

The plan itself was developed by the Electric Power Research Institute (EPRI), an academic and research arm for the electric utility industry, and modeled largely after the EPA Acid Rain program that created a cap and trade program to reduce nitrogen oxide (NO\textsubscript{X}) and sulfur oxide (SO\textsubscript{X}) emissions from power plants. According to a release from EPRI, the Ohio River Basin trading proposal has been under development since 2009 and it is the first multi-state initiative designed to create a marketplace to commoditize nitrogen and phosphorus credits. If fully implemented, the project could expand to eight states in the Ohio River Basin and would potentially create credit markets for 46 power plants, thousands of wastewater facilities and other industries, and over a quarter of a million farmers.

The program received $1.3 million in federal funding from the US Department of Agriculture and the EPA and it also garnered support from large investor-owned utilities like AEP and Duke Power, in addition to farm and conservation groups in the three state region. In a support memo issued for the pilot program by EPA's Assistant Administrator for Water, Nancy Stoner, "Our experience in almost 40 years of Clean Water Act implementation demonstrates that motivated states, using tools available under federal and state law and relying on good science and local expertise, can mobilize local governments and stakeholders to achieve significant results."

By:
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