

Water Quality Trading

What is water quality trading?

Water quality trading is a program that allows DEQ permittees discharging wastewater to Oregon's waterways to obtain pollutant reduction credits from other pollutant dischargers or pollution-reduction activities within the same geographic area. These permittees typically include sewage treatment plants and industrial wastewater plants. Operators of other types of activities that impact the state's waterways, such as hydroelectric dams, may also participate in trading.

When is trading allowed?

DEQ only allows trading when it addresses the source or sources of the pollution problem and does not negatively affect the environment. Trading cannot be used to avoid existing federal and state treatment requirements.

Examples of water quality trading

The following are examples of trading:

- Wastewater treatment plants trade between themselves – one plant is allowed to discharge more of a pollutant provided another plant discharges less.
- A wastewater treatment plant offsets its pollution impact with activities that reduce the pollutant of concern but are not located at the plant. For example, a treatment plant discharging warm treated wastewater to a river is allowed to plant trees and other vegetation on the river bank instead of installing wastewater chillers.

This approach makes sense in areas where instream temperatures are warm enough to be unhealthy for fish and the main cause of warming is the removal of bank vegetation (no shade to block the sun from warming the water) rather than the wastewater discharge. Allowing this type of trade also has additional benefits: wildlife habitat is created; the treatment plant saves money because it does not have to purchase and operate wastewater chillers; and greenhouse gas emissions from operation of the chillers are prevented.

Why does DEQ encourage trading?

Trading provides the opportunity for DEQ and stakeholders to improve water quality in ways that offer the best overall protection of the environment. It is an important tool because the

best opportunities for improving water quality are not always at the end of a permittee's discharge pipe. Trading can also result in additional benefits, such as restoration of fish and wildlife habitat and reduced compliance costs for permittees.

Trading examples in Oregon

DEQ allows Clean Water Services, the public agency that operates sewage treatment plants in Washington County, to trade between its plants that discharge to the Tualatin River (one plant can discharge more of a pollutant provided another plant discharges less). DEQ also allows the agency to plant trees and other vegetation to shade streams that flow to the Tualatin River rather than install wastewater chillers. (For more information, see <http://www.deq.state.or.us/wq/wqpermit/cwsp permit.htm>). Water quality trading is also being considered in the Clackamas, Rogue and Klamath basins.

DEQ guidance on trading

DEQ recently updated its guidance to DEQ staff on how to evaluate proposed trading activities and develop conditions to regulate these trades. The guidance, titled *Water Quality Trading in NPDES Permits Internal Management Directive (December 2009)*, focuses on trades conducted to comply with National Pollutant Discharge Elimination System permit requirements because DEQ expects the majority of trading activity to be driven by permittees discharging warm wastewater to Oregon's waterways. The guidance may also be useful to parties involved with re-certification of hydroelectric projects that are trying to develop comprehensive approaches to comply with water quality standards.

More information

For DEQ guidance and more information on trading, please visit DEQ's website at: <http://www.deq.state.or.us/wq/trading/trading.htm>. You may also contact Ranei Nomura, Western Region Eugene Office, at (541) 686-7799, toll-free in Oregon at 1-800-844-8467, or by email at nomura.ranei@deq.state.or.us.

Alternative formats

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