

Electric Power Daily

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EPRI gets funds for water quality trading effort

The Electric Power Research Institute will use federal grants to launch a regional water quality trading program with utility partners in the Ohio River Basin.

EPRI this week said the program will focus on nitrogen and phosphorus discharges from sources within the basin, with the aim of improving water quality throughout a region which includes portions of Illinois, Indiana, Kentucky, New York, Ohio, Pennsylvania, Virginia and West Virginia.

The Environmental Protection Agency and the Department of Agriculture have provided to EPRI a total of \$1.3 million in federal grants.

The EPA award addresses watershed protection through targeted watershed grants for water quality trading "or other market-based projects to reduce the hypoxic zone in the northern Gulf of Mexico." The USDA award addresses agricultural credit calculation tools for water quality and greenhouse gas trading under a Natural Resources Conservation Service conservation innovation grant.

EPRI noted that water quality trading employs a market-based approach designed to enable facilities facing high pollution control costs to buy reduction credits from another facility or entity with lower pollution control costs. "The goal is to achieve the same or even better water quality improvements more efficiently and at lower costs," said EPRI in a news release.

Jessica Fox, senior scientist for EPRI's Water and Ecosystems Program, said the trading program is set to be kicked off on October 26, and is expected to be fully up and running in five years.

Developing an interstate trading program in the Ohio River Basin will require participation from "stakeholders and trading partners, including power companies, publicly owned treatment works, regulators and non-point sources such as farmers," said Fox.

She said that anticipated new regulatory requirements "could create demand for water quality credits. An interstate trading framework would not only respond to this demand but potentially accelerate water quality improvements in the basin and beyond."

EPRI has been developing the water quality trading program with various partners for four years, and has recently completed a feasibility study for the region water quality trading program. The program is expected to significantly reduce the cost for compliance with the Clean Water Act for participating power companies, said Fox.

EPRI will now work with regional stakeholders to develop a first-of-its-kind working project in the basin. "Today, a few states have trading frameworks in place or in development but none operate on an interstate basis," EPRI said.

EPRI will lead the research effort with support from various parties, among others, including Duke Energy and American Electric Power, the American Farmland Trust, the University of California at Santa Barbara, Texas Institute for Applied Environmental Research, Hoosier Energy, The Tennessee Valley Authority and. Project participants are providing \$700,000 in matching funds, bringing the total project funding to \$2 million, EPRI noted. — *Mu Li*

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