

CHESAPEAKE BAY COMMISSION
Washington, DC
May 3-4, 2012

The Chesapeake Bay Commission held its second quarterly meeting of 2012 on Thursday, and Friday, May 3-4, 2012, in Washington DC

The following Commission members and staff were in attendance:

Patricia Buckley
Senator Mike Brubaker
Assistant Secretary Frank Dawson
PA Citizen Representative Warren Elliott
MD Citizen Representative Bernie Fowler
Senator Brian Frosh
Senator Emmett W. Hanger, Jr.
Delegate Lynwood Lewis
Delegate Scott Lingamfelter
Representative Ronald Miller
Assistant Secretary Anthony Moore
VA Citizen Representative John Reynolds
Representative Mike Sturla
Delegate John F. Wood, Jr.

Staff: Ann Pesiri Swanson
Bevin Buchheister
Jack Frye
Marel Raub
Paula Hose

Members not in attendance:

Delegate John Cosgrove
Representative Garth Everett
Delegate James Hubbard
Delegate Maggie McIntosh
Senator Thomas "Mac" Middleton
Senator Mike Waugh

Thursday, May 3, 2012

US ENVIRONMENTAL PROTECTION AGENCY

Members met with Administrator Lisa Jackson at the Capitol Visitors Center for an informal discussion. No action was taken.

CONGRESSIONAL ECONOMICS OF TRADING BRIEFING

The Chesapeake Bay Commission conducted a well-attended briefing for the release of our latest report *Nutrient Credit Trading for the Chesapeake Bay – An Economic Study* which analyzed how market solutions can be used to decrease the cost of restoring the Chesapeake. The briefing was also broadcast via a live webinar with the help of Penn State University. There were over 70 congressional staff members and guests in attendance in addition to approximately 110 attendees via the webinar.

Chairman Hanger opened the briefing by discussing the opportunities and needs for market based solutions.

Executive Director Ann Swanson introduced George Van Houtven, Ph.D., and Ross Loomis of RTI International who researched and prepared the report. She also introduced Roy Hoagland, Esq. of Hope Impacts who managed the development of the project, providing expertise on policy and technical issues, and helped draft and edit the report. Lastly, Swanson introduced and thanked the 14 members of the Economics of Trading Advisory Council who were instrumental in assuring the accuracy and applicability of this work to our region. The Council's advice, coupled with the extraordinary expertise of the contractors, and funding provided by the Linden Trust for Conservation, made the project possible.

Dan Nees, Senior Research Associate with the Environmental Finance Center at the University of Maryland gave a presentation of the fundamentals for understanding nutrient trading, explaining the criteria necessary to establish a marketplace.

Joseph Maroon, principal of Maroon Consulting, explained the regional work in progress with regards to trading programs that have already been established within the Chesapeake watershed, including all three of the Commission's member states.

George Van Houtven, Ph.D., Associate Director and Senior Economist with RTI International, presented the findings of the report which detailed the potential economic impact of trading on the cost of implementing the TMDL. In summary, trading has the potential to generate significant savings in the cost of meeting the TMDL. Generally, the study showed that potential cost savings increase as more pollution source categories are allowed to participate in the trading program. The potential savings are particularly high when including urban sources, due primarily to the relatively high cost of controlling nutrients from urban stormwater runoff. The analysis also found that expanding the geographic scope of trading has less of an impact on potential cost savings than expanding participation to include other source sectors. A caveat was added to the report to highlight the fact that cost is just one of many factors that policymakers must consider as they plan for implementation. Many other factors such as land conversion, local water quality, and verification must be considered.

Upon conclusion of the briefing, the Commission members, consultants, and Advisory Council engaged in a discussion of the finer details and their implications, clarifying key points summarized in the Economics of Trading report. The Advisory Council members were also given the opportunity to share their impressions of the project and make recommendations for future actions. The session adjourned at approximately 4:15p.m. and Commission members returned to the hotel.

EXPANDING RENEWABLE ENERGY IN THE UNITED STATES

During the evening's dinner, Mr. Scott Sklar, President of The Stella Group, LTD, a clean energy technology optimization and strategic policy firm, spoke to the members about existing distributed renewable energy projects and the potential for enhanced implementation in the United States.

Friday, May 4, 2012

After breakfast Delegation meetings, the business meeting was called to order by Chairman Hanger at 9:15 a.m. Following roll call, Delegate Lingamfelter moved to adopt the minutes of the January meeting as presented. Delegate Wood seconded the motion which was approved unanimously. Representative Miller then moved to adopt the day's agenda as presented. Deputy Secretary Frank Dawson seconded the motion which was approved unanimously.

CHAIRMAN'S UPDATES

Chairman Hanger commented on the previous day's Congressional briefing and the positive reception of the Economics of Trading report. Twenty media reports on the study had already been released with more expected.

2011 GENERAL ASSEMBLY REPORTS

Virginia Director Jack Frye reported out on Virginia's Legislative activities which included: Nutrient Credit Exchange Expansion legislation which passed the General Assembly and directs the Virginia Department of Conservation and Recreation to begin a regulatory process that will establish regulations for nonpoint source trading and set rules for credit verification and local water quality protection; legislation carried by Delegate Lingamfelter was passed and will implement the findings of the study of slowly available nitrogen in lawn maintenance fertilizer through changes to product registration under VDACS fertilizer label law and by changes to DCR's Nutrient Management Standards & Criteria for lawn fertilizer application rates; legislation supporting development of farmer-friendly on-line nutrient management planning software was passed; proposed draft regulations for Resource Management Plans for Agriculture (Ag Certainty equivalent) were approved by the VA Soil and Water Conservation Board on March 29, 2012 and be out for public review and comment during the summer and go to SWC Board for final approval in December, 2012; additional funding was provided for oyster replenishment and upgrades for wastewater treatment plants to meet permit requirements under the Bay TMDL.

Delegate Wood reported on Maryland's Legislative Activities emphasizing that the General Assembly had difficult budget problems. They have passed the operating budget for the State but did not pass the BRFA, which will result in the Governor calling a special session.

Bevin Buchheister, Maryland Director, explained the CBC sponsored bill which will now allow manure-to-energy projects to earn a renewable energy credit for creating thermal energy. She also highlighted several bills passed this session that will help Bay restoration by, limiting residential development on septics, requiring all MS-4's to impose a stormwater fee, exempting qualified agricultural property from up to \$5 million of the State estate tax, and increasing the Bay Restoration Fee, which funds upgrades to WWTP's, from \$2.50 per month to \$5.00 per month, per household for houses in the Bay watershed.

Representative Ron Miller reported on Pennsylvania's legislative activities which, like Maryland, included budget shortfalls. Much of the legislative focus centered on Marcellus Shale activity. A bill was passed in February to authorize counties to assess a gas well impact fee, and to direct the revenue to various local and state programs. The bill also included provisions related to standards for drilling activity and limitation on local government ordinances. Legislation to authorize management of stormwater by local authorities is moving, and S.B. 1191 regarding turf fertilizer remains in the Senate Agriculture & Rural Affairs Committee.

2013 Meeting Dates

The 2013 meeting dates (January 3 – Annapolis, MD; May 9-10 – Washington, DC; September 19-20 – Pennsylvania and November 14-15-Virginia) were approved.

CBC Fiscal Year 11-12 Budget

The Commission's FY 2011-2012 Budget was adopted as proposed. Secretary John Griffin (MD), Representative Garth Everett (PA), Senator Mike Waugh (PA), Senator Mac Middleton (MD), Delegate Jim Hubbard (MD) and Delegate John Cosgrove (VA) voted for adoption of the budget via proxies.

CBC ACTION PLAN

Members had discussions on priorities that build on past successes, maintaining policy leadership and achieving meaningful results for the Commission.

Topics discussed were: manure to energy, land conservation and the TMDL, 2012 Farm Bill, and emerging technology. Generally, the members discussed the role of the Commission in bringing together new partners and identifying opportunities to leverage work that is already happening across the watershed and elsewhere.

LEVERAGING DOD SUPPORT FOR LAND CONSERVATION

Executive Director Swanson noted that the CBC has been working with the National Fish and Wildlife Foundation to determine whether they can leverage funds with the Department of Defense's Readiness and Environmental Protection Initiative (REPI) to create a Chesapeake Conservation Challenge. To familiarize our members with the initiative Nancy Natoli from the Office of the Secretary of Defense gave a presentation on the goals of REPI. The REPI supports cost-sharing partnerships authorized by Congress between the military services, private conservation groups, and state and local governments to protect military test and training capabilities and conserve land.

REPI projects exist across the country, including the Chesapeake watershed. Potential new projects within the watershed have been identified and others could be added. Requirements include matching funds from partners, a willing land owner, and compatible land use on the protected land.

ADJOURN

The meeting was adjourned at 11:45 AM