



# ACCOUNTING FOR GROWTH NUTRIENT OFFSETS

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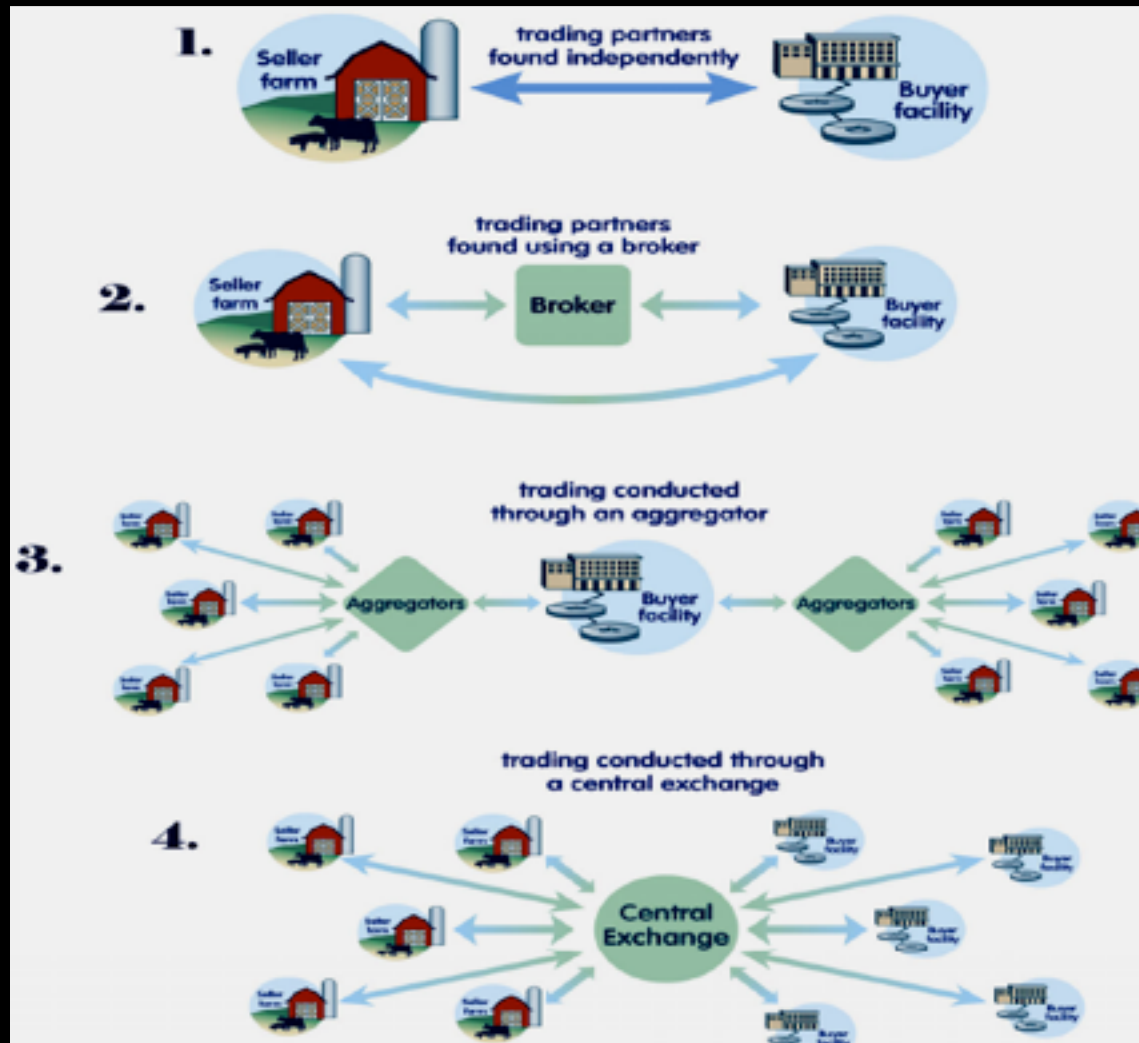
# Maryland Program – Non-Point Source Trading

## ➤ Market structure

- Bilateral agreements versus centralized auction
- Contracts between buyers and sellers
- Brokers or aggregators are key components to the market



# Trading



# Agricultural Non Point Source Credit Generation

## Key Principles

- Agricultural Sources must first meet baseline requirements before generating credits
- Can't use cost-share funds to generate credits, but can to achieve baseline
- Can't generate credits by taking and retiring farm land
- Must result in a net decrease in loads, a 10% retirement ratio
- Credits only generated once the BMP is installed



# Role of Aggregator

- Understand policies relating to aggregators
- Understand basic market factors
- Undertake baseline analysis on market and technical viability (including baseline calculations)
- Complete the certification of credits
- Complete the sales transaction
- Enter into trading contracts
- Fund and manage the Project (including landowner payments)
- Assume and manage risk
- Manage diverse portfolio of credits (annual, structural, multiple farms)
- Insure the projects (self or otherwise)
- Integrate with other environmental markets and





# Basic Market Factors

- Regulatory Drivers
- Eligibility of Buyers and Sellers
- Baseline requirements before trade
- Sale period requirements
- Banking Allowed
- Currency
- Service Area
- Certification process of NPS credits
- Liability for success
- Trading Ratios (Uncertainty, Delivery and/or Retirement)
- Options other than trade
- Credit release schedule
- Verification process
- Credit generation
- Pricing



# Current Maryland Policy

- Role of aggregator prominently recognized
- Standards for aggregator contracts

