COMMISSION ADOPTED POLICY		
Title: Nutrient Credit Offsets		
Date of Adoption: August 26, 2008	**Date of Revision:**	**Page 1 of 3**

1.0 Purpose and Need

Point source dischargers that desire to build a new facility or expand one that existed before July 1, 2005, must document how they plan to comply with the waste load allocation assigned to their tributary. One option for ensuring compliance is to obtain nutrient credit offsets from another discharger located in the same river basin. HRSD, as a member of the Virginia Nutrient Credit Exchange Association, will participate in a market-based trading and offset program to help achieve nutrient reduction goals for the Chesapeake Bay. The Virginia Department of Environmental Quality has not yet promulgated rules and regulations to govern offset trading. This policy provides guidelines for HRSD's participation offset agreements until the rules and regulations have been adopted.

2.0 Definitions

"Nutrient Credit Offset" means the voluntary transfer of a discharger's waste load allocation or a portion of the allocation to a new or expanding facility located in the same Chesapeake Bay tributary.

"Virginia Nutrient Credit Exchange Association, Inc. (Exchange)" means the organization authorized by the Virginia General Assembly to manage a nutrient trading program.

"Waste load allocation (WLA)" means a limit or cap on the amount of nitrogen and phosphorus that public and private point sources such as wastewater facilities may discharge into the Chesapeake Bay watershed.

3.0 Guiding Principles

HRSD will consider entering into offset agreements if providing the allocation will not jeopardize its WLA compliance. The following factors will be considered when evaluating offset requests.

a. *Protection of HRSD's interests and preservation of its ability to meet future needs*
   HRSD's WLAs must remain sufficient to satisfy the growth projected in its Development Plan. Any WLA reduction resulting from providing credit offsets shall not create an unacceptably greater risk of non-compliance for HRSD.

b. *Regional benefits*
Credit offset agreements should offer regional benefits (an impact across multiple jurisdictions) and/or support regional initiatives when possible.

c. *Environmental stewardship*
The recipient must have a strong record of environmental protection and compliance with all relevant regulations.

d. *Cost to HRSD ratepayers*
Offset agreements shall provide the region with maximum environmental benefit at the lowest net cost to our ratepayers.

e. *Location*
Jurisdictions within HRSD's service area shall have priority when multiple requests are received.

f. *Magnitude*
The number of credits provided shall be the minimum necessary to meet regulatory requirements.

g. *Duration of offset*
HRSD prefers temporary offsets. Offset agreements shall specify the duration of the offset and shall last only long enough for the recipient to locate other permanent offsets or for HRSD to provide wastewater conveyance and treatment. Such offset agreements shall include a provision for modification or termination in response to relevant regulatory changes.

h. *Net environmental benefit*
All other available options to minimize impact on the environment shall be evaluated by the requestor. This could include additional treatment, effluent reuse, discharge to HRSD for treatment or non-point source impact mitigation. For example, offsets will not be provided to increase nutrient loading to areas that may have limited assimilative capacity or may face greater nutrient discharge restrictions in the future.

4.0 Procedures

a. Point source dischargers that wish to receive nutrient credit offsets from HRSD must make a request in writing to the General Manager.

b. The request shall document the steps taken to obtain credits from other sources.

c. HRSD staff will evaluate the merits of the request and make a recommendation to the HRSD Commission, which must approve all nutrient credit offset agreements.

5.0 Responsibility and Authority

a. The HRSD Director of Water Quality shall be responsible for preparing a written evaluation of each request.

b. The HRSD General Manager will review the evaluation and present a recommendation to the HRSD Commission.

c. Any nutrient trading regulations promulgated by the Virginia Department of Environmental Quality and procedures established by the Exchange shall be followed by HRSD in the implementation of this policy.

Approved: R. Tyler Bland, III, Commission Chairman — Date: 8/26/08

Attest: Jennifer L. Heilman, Commission Secretary — Date: 8/26/08