

Development and Application of Infrastructure for a Model Trading Registry and Agricultural Participation in the Kalamazoo River Watershed, Michigan

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Project Costs: \$1,300,000

Date of Completion: 2004-2007

The Match-E-Be-Nash-She-Wish Band of Potawatomi (the Gun Lake Tribe) has successfully led an effort to secure a prestigious 2004 U.S.EPA Targeted Watershed Grant. As the administrative lead, the tribe will be assisted by the World Resources Institute (Washington, D.C.), Kieser & Associates (Kalamazoo, MI), local conservation districts, the Michigan Farm Bureau and other local partners to build on Kalamazoo River and Michigan-based trading experiences. The project will develop, test and implement “model” tools and infrastructure necessary to enable functioning water quality trading markets. Funding will support agricultural BMPs to achieve load allocation goals in an EPA-approved Kalamazoo River phosphorus TMDL. Reductions will



be used to test marketplace instruments and apply agricultural participation and credit banking schemes. Trading approaches will be instituted that allow for voluntary participation, insulate producers from NPDES permit liability and can be delivered consistently through traditional programs. Transferable marketplace and regulatory instruments developed here will: facilitate access to trading programs; minimize transaction and administrative costs; connect buyers and sellers; facilitate decision-making, and; quantify and track reductions. Tools will be integrated with existing regulatory

programs to foster active markets. The Gun Lake Tribe will lead this effort. Outreach will be to Michigan, other states, tribes and EPA.

There will be two major project tasks: 1) develop a “model” trading infrastructure, and; 2) develop a “model” trading framework for successful agricultural participation. Both will be tested and verified with real reductions through agricultural participation and other partners. EPA support is being provided for: infrastructure (\$295,000), agricultural participation (\$525,000), monitoring/evaluation (\$381,715) and education/outreach (\$95,000). These correspond to the total request of \$1,296,715. The total match from project partners is \$1,868,755.