



National Milk Producers Federation

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Producers Association
Cortland Bulk Milk
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Upstate Niagara
Cooperative, Inc.
Zia Milk
Producers, Inc.

January 5, 2018

Mr. Gary Setzer
Senior Advisor
Maryland Department of the Environment (MDE)
1800 Washington Boulevard
Baltimore, MD 21230

Dear Mr. Setzer:

The National Milk Producers Federation (NMPF), based in Arlington, VA, develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own. The members of NMPF's cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 32,000 dairy producers on Capitol Hill and with government agencies. Visit www.nmpf.org for more information.

NMPF is pleased to respond to MDE's request for comments on its proposed Maryland Water Quality Trading Program (MD-WQTP) regulation published in the Maryland Register on December 8, 2017.

NMPF is a strong supporter of water quality trading programs and concurs with the MDE that "the purpose is to establish a trading program that provides greater flexibility and reduces the cost of achieving the TMDL's established for the Chesapeake Bay while being protective of water quality." We also note that MDE has estimated that it will cost billions of dollars to meet the Chesapeake Bay TMDL by 2025. NMPF opines that such a high cost warrants cost reductions wherever feasible with cost efficiency being paramount to the economic success of the Chesapeake Bay cleanup effort.

NMPF also concurs with the five assumptions identified in Section III of the proposed rule which all essentially revolve around the concepts of creating opportunities for the public and private sector and achieving pollution reductions more cost-efficiently than would otherwise be possible.

NMPF has been following the progression of the creation of the MD-WQTP for several years and is pleased to see the direction that it is taking. NMPF previously expressed a desire to see nutrient removal technologies included in the program and we are pleased to see that the Chesapeake Bay Program has approved for eligibility 18 manure treatment technologies (MTT's), primarily focused on composting and thermochemical treatment. We hope to see the list expand as new treatment technologies are developed and evaluated.

NMPF has also previously stated that long-term trades are necessary to provide for the economic recovery of the investment in the technology and we are pleased to see that MDE does allow for multi-year credit generation. We realize that MDE will identify the number of years that credits can be generated as part of the credit certification process but we encourage MDE to be more forthright and explicit that long-term credit generation, 10 years or longer, is feasible and permissible in the MD-WQTP, if such equipment can deliver nutrient reductions over extended periods of time. If there is any ambiguity to the permissibility of long-term trades, costly, but very effective, nutrient removal technologies will not be pursued out of fear that the cost of installation will never be recovered.

While interstate trading was envisioned as a pilot in an earlier draft of this regulation, we are disappointed to see that be stricken from this version of the proposed rule. We encourage MDE to reconsider interstate pilots as the MD-WQTP advances. As you are aware many of the nutrients in the Chesapeake Bay along the MD shores come from neighboring states. If cost effective pollution reductions can be achieved outside of Maryland's boundaries but improve the water quality in Maryland, we see no reason for those opportunities to be forgone.

NMPF is also disappointed that the plan to take \$10 million dollars from the Bay Restoration Fund to use as seed money to kick start the trading program by purchasing nutrient credits was sidelined by unknown parties. NMPF understands the politics involved and that MDE is not at fault for the reversed strategy. We believe this was a very good idea which would have created considerable and interest in the program, you are commended for pursuing the concept and thinking outside the box.

Overall, we commend MDE and the MD Department of Agriculture for your stellar efforts in creating the MD-WQTP despite many challenging viewpoints and interests. We thank you for this opportunity to provide our views.

Sincerely,



Clay Detlefsen, Esq.
Senior Vice President, Environmental & Regulatory Affairs and Staff Counsel