

**Second Amendment to  
Pilot Trading Plan 1.0  
for the  
Ohio River Basin Interstate Water Quality Trading Project**

The undersigned parties (the “Signatories”) hereby adopt and approve this SECOND AMENDMENT TO THE TRADING PLAN (the “Second Amendment”) as of the 26<sup>th</sup> day of October 2017.

Background

- A. On August 9, 2012, the Signatories signed and approved the Pilot Trading Plan 1.0 for the Ohio River Basin Interstate Water Quality Trading Project (the “Plan”), which sets forth mutually agreed-upon terms for implementing a collaborative effort to improve water quality in the Ohio River Basin (“ORB”) through the development of an interstate trading program (the “Project”).
- B. Among the key Project goals identified in the Plan is the promotion of early and voluntary participation by point source buyers, even in advance of compliance drivers such as numeric nutrient criteria, total maximum daily loads (“TMDLs”) and/or water quality-based effluent limitations in National Pollutant Discharge Elimination System (“NPDES”) permits.
- C. Section 17 of the Plan promotes an adaptive management approach to Project implementation and, accordingly, authorizes amendments to the Plan where necessary to achieve optimum effectiveness, efficiency and environmental improvement.
- D. On October 10, 2013, the Signatories signed and approved a First Amendment to the Plan in order to further the goal of promoting early and voluntary participation in the Project by credit buyers.
- E. Based on their collective learning and experience with the Project, the Signatories have identified additional enhancements, which they desire to memorialize through this Second Amendment, all as more particularly set forth below.

## Amendments

The Plan is hereby amended as follows:

1. Recognizing that credit calculation methodologies continue to emerge and evolve, the Project is authorized and encouraged to use the best available science for selecting models for estimating edge-of-field nutrient reductions to appropriately quantify “point of generation credits.” Any model that is selected must be capable of assessing the reductions of the specific practices being implemented. If the Project identifies a model that is sufficiently rigorous and defensible, and with the written concurrence of the Signatories, that model may be used in addition to, or in lieu of, the EPA Region 5 spreadsheet model for “point of generation credit” calculation purposes. Written concurrence will be demonstrated by the publicly accessible Verification and Certification forms posted on the project’s one-line credit registry. A list of all models in use will be maintained in the Project Files and available to the public upon request. The WARMF model will continue to be used to determine in-stream attenuation of nutrients for “point of use credit” calculations.
2. Recognizing the need to efficiently verify an increasing number of installed BMPs, as well as opportunities to alleviate the burden on State agency staff, the Project is authorized and encouraged to adapt and revise its verification practices to ensure efficiency, effectiveness, and credibility. Regarding methods, with the written concurrence of the Signatories, “verification” may include the use of next generation technologies, including aerial photos, aerial drones, field monitors, and remote sensors. At a minimum, all projects will be inspected and verified annually through one or more approved remote or on-the-ground verification approach, with farmer self-verifications being utilized in addition to these approaches as needed to confirm conditions. Regarding use of qualified experts, the annual verification opinion may be provided by an appropriately qualified and neutral (i.e. independent) expert with knowledge of the particular BMP being inspected, including State agency staff and contracted professional third-parties. Written concurrence will continue to be demonstrated on a project-by-project basis via the publicly accessible Verification and Certification forms on the project’s on-line credit registry. The Project’s current verification practices, including any revisions to the process set forth in Appendix E, Section 8, will be maintained in the Project files and available to public upon request.
3. As the Project has matured, new participants and practices have been identified, including those involved in forestry and silviculture, in addition to those involved in crop and animal agriculture. For purposes of the “cash credit cycle” identified in Appendix E, Sections 1 and 2 of the Plan, the Project is authorized and encouraged to adapt and revise its contracting practices and procedures in order to make the credit generation process more efficient for all participants. For example, in some cases, it may be more efficient for EPRI to contract directly with landowners, while still maintaining key local relationships with, and the involvement of, the Soil and Water Conservation Districts. Similarly, the relevant state and local agency contacts may need to be adjusted depending on the types of practices being funded (e.g., forestry versus agriculture). The Project’s current contracting practices and procedures, including any revisions



to the "cash credit cycle" identified in Appendix E, will be maintained in the Project files and available to the Signatories and public upon request.

4. The pilot phase of the Project remains active and in process as of the date of this Second Amendment, and is expected to continue through 2020, or later if funding allows.

5. Except as amended above, the Signatories hereby ratify the Plan in all other respects.

**Signatories**

By their signatures below, the States of Ohio, Indiana, and Kentucky hereby (a) acknowledge the support this Project has received from EPA and USDA, (b) authorize and endorse this Plan, as amended, for the Pilot, and (c) agree to work collaboratively toward its implementation.

**Ohio**

David T. Daniels, Director, Ohio Department of Agriculture

10/26/2017

Date

Craig Butler, Director, Ohio Environmental Protection Agency

10/26/2017

Date

**Indiana**

Bruno Pigott, Commissioner,  
Indiana Department of Environmental Management

10/26/17

Date

Melissa Rekeveg, Director (Acting), Indiana State Department of Agriculture

10/23/17

Date

**Kentucky**

R. Bruce Scott, Deputy Secretary,  
Kentucky Energy and Environment Cabinet

10/13/17

Date