



Commonwealth of Virginia
Office of the Governor

Executive Order

NUMBER 52 (2016)

DEVELOPMENT OF LONG-TERM, OFFSETTING METHODS WITHIN THE VIRGINIA NUTRIENT CREDIT EXCHANGE PROGRAM

Importance of the Initiative

The Chesapeake Bay is a national treasure and an ecological and economic asset for Virginia. In 2005, the General Assembly established a watershed general permit and nutrient credit trading program to help manage total point source discharges of nitrogen and phosphorous into the Chesapeake Bay watershed. This market-based tool was designed to assist Virginia's point source dischargers, including municipal wastewater treatment plants and private industries, with complying with nutrient waste load allocations necessary to improve the health of the Chesapeake Bay and its tributaries. New sources are able to purchase available allocations and/or credits through the Virginia Nutrient Credit Exchange Program on a year-to-year basis. It is vital that this program continues to serve as a tool to protect and improve the health of the Chesapeake Bay watershed while allowing economic growth and the development of a new Virginia economy.

Accordingly, by virtue of the authority vested in me as Governor under Article V of the Constitution of Virginia and under the laws of the Commonwealth, I hereby direct the Secretaries of Commerce and Trade, Natural Resources, and Agriculture and Forestry to jointly convene a work group comprised of the Virginia Economic Development Partnership, the Department of Environmental Quality, the Virginia Manufacturers Association, the Virginia Association of Municipal Wastewater Agencies, the Virginia Nutrient Credit Exchange Association, the Chesapeake Bay Foundation, the James River Association and other interested stakeholders to study and recommend methods to facilitate the acquisition of nutrient allocations and/or credits through the Virginia Nutrient Credit Exchange Program to offset discharges of nutrients by point-source dischargers in the Chesapeake Bay watershed on a long-term (20+ year) basis.

Such methods shall be in accordance with the State Water Control Board's authority to establish and assign nutrient waste load allocations, and shall not cause or contribute to an exceedance of applicable water quality standards or the aggregate point source loading caps for Virginia's tributaries to the Chesapeake Bay.

Scope and Guidance

The Work Group should consider: (1) the protection of established nutrient allocations of existing facilities and investments that have been made pursuant to such allocations, (2) the needs of expanding and new point sources in the watershed; (3) the minimization of offset demands by new or expanding facilities by analysis of technologically and economically feasible alternatives; (4) the establishment of a merit-based qualification process for nutrient credit acquisition to align offset supplies with state and local economic development goals; (5) the cost and value of existing infrastructure, of credit generation, of credit use for offset purposes, and of other offset methods; (6) support for innovation and voluntary incentives to promote credit generation, exchange and use to meet offset needs; (7) priorities for continued state investment in water quality improvement, including the Nutrient Offset Fund, the Water Quality Improvement Fund and other state economic development incentives; and (8) flexibility in achieving water quality standards under the Chesapeake Bay Total Maximum Daily Load (TMDL).

The Work Group shall complete its work, including the development of recommendations as to viable offset supply augmentation methods by November 1, 2016. The Secretaries shall provide a report on the recommendations of the Work Group to me by December 1, 2016.

Effective Date of the Executive Order

This Executive Order shall be effective upon its signing and shall remain in full force and effect for one year after its signing unless amended or rescinded by further executive order.

Given under my hand and under the Seal of the Commonwealth of Virginia this 28th Day of January, 2016.

Terence R. McAuliffe, Governor

Attest:

Levar M. Stoney, Secretary of the Commonwealth