# Water Quality Trading: Wisconsin Department of Natural Resources Notes Issuance of First Trading Permit Involving Phosphorous Rules

## Arkansas Environmental, Energy, and Water Law Blog

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12/28/2015

The Wisconsin Department of Natural Resources ("DNR") noted on December 22nd that the agency had issued its first water quality trading permit.

The State of Wisconsin previously enacted legislation and DNR issued regulations providing an opportunity under certain circumstances to address phosphorous discharges through water quality trading.

Due to the enactment of its own water quality trading legislation, the State of Arkansas is in the process of developing regulations implementing its own water quality trading program also focused on phosphorous.

DNR states that the first water quality trading permit involves a string cheese manufacturer located in St. Cloud, Wisconsin named Baker Cheese ("BC"). The company is stated to have traditionally hauled its process wastewater to other wastewater treatment plants for disposal.

The motivation for entering a water quality trade is described by DNR as:

The company worked with DNR to begin treating their own process wastewater to maximize their economic efficiency. Baker Cheese was able to comply with all water quality standards through their new treatment process, excluding their proposed phosphorus limits set at 0.075 mg/L, expressed as a six-month average, and 0.225 mg/L, expressed as a monthly average limitation. Adding treatment technology for phosphorus at this site would be costly, and would have high energy and operational demands. The company pursued water quality trading which provides point sources the flexibility to acquire pollutant reductions from other sources in the watershed to offset their point source load and comply with their own permit requirements.

DNR also describes the trade as BC's choosing to:

…purchase 20 acres of agricultural cropland adjacent to their facility and converted this land from cropping practices to prairie rather than installing expensive treatment technology to comply with the phosphorus limits. This change in land use reduced non-point source phosphorus pollution by about 70 lbs/year and generated sufficient phosphorus credits for Baker Cheese to comply with their phosphorus limits. It also provided habitat for wildlife and has the potential for other recreational benefits. This trade also reduced diesel inputs and carbon emissions since the company is no longer hauling waste off-site. For Baker, trading provided a low-cost and common sense approach to achieve regulatory certainty and the desired environmental benefit.

For more information regarding DNR's water quality trading program visit http://dnr.wi.gov/topic/SurfaceWater/AmWqtMap.html.