

Ag Workgroup Status Report

Workgroup: Ag Workgroup

Status Report Date: June 19, 2006

Team Leader(s): Cedric Karper

Team Members in Attendance:

Bill Angstadt, Consultant	Peter Hughes, Red Barn
Alex Chianittini, Red Barn	George Wolff, Wolff Strategies
Don McNutt, Lancaster CD	Brenda Shambaugh, PACD
Marel Raub, Chesapeake Bay Commission	Sue Yenchko, American Water
Andrea Sharretts, PFB	Jenny Guiling, WRI
John Bell, PFB	George Wolff, Wolff Strategies
Michael Hubler, Dauphin CD	
Doug Goodlander, State Conservation Commission	

DEP:

Cedric Karper

Duke Adams

Mark Dubin

Jim Spontak

Issue (s) Addressed:

- The environmental objectives to be achieved through the employment of BMPs on farms pursuant to the nutrient trading program and other programs to reduce nutrient loadings in the Chesapeake Bay.
- Agriculture/Nutrient Management Level required for trading.
- Application of various ratios (Delivery, Edge-of-Segment, Trading, Retirement) to the bottom line of turning pounds into credits.

Status Report and Recommendations:

- The group expressed the concern that the focus of nutrient trading should not be to encourage the employment of practices that merely reduce the impacts of nutrient loadings to surface water. By merely focusing attention on reducing nutrients in surface water, we may be doing little to actually reduce the level of nutrient to the Chesapeake Bay. Estimates have been made that 50-80% of nutrients reaching the Bay originate from groundwater sources. Practices that may actually reduce the level of nutrients to surface water may increase the level of nutrients being transferred to groundwater or becoming volatilized into the air.

The group believes it is more appropriate that practices to be encouraged through trading and other measures in the Chesapeake Bay watershed should attempt to improve surface water in a way that does not cause further impairment to groundwater or air quality.

- The group recommends that the management level required for trading on an agricultural operation should be Baseline Compliance plus ONE of the following; 100 foot mechanical setback, OR 35 foot buffer OR possibly, a reduction in nutrients beyond baseline.
 - 100 Foot mechanical setback is achieved when one of the following is performed:
 - Manure is not mechanically applied within 100 feet of a stream
 - There are no surface waters on or within 100 feet of the farm.
 - Farm uses no manure application and applies commercial fertilizer at or below the Penn State recommended agronomic rates.
 - 35 Foot buffer is achieved when:
 - A minimum of 35 feet of permanent vegetation is established and maintained between the field and the stream.
 - Area can be grazed or cropped, however permanent vegetation must be maintained at all times.
 - Reduction in nutrients beyond baseline:
 - A reduction of nutrients beyond baseline compliance. However, in light of the recent discovery of the significant reduction in tradable credits that farmers may generate under a strict use of the model's edge of segment factor and trading ratios earlier considered by the group, further discussion is needed to analyze the feasibility of the 20%-beyond-baseline reduction option or other beyond-baseline threshold option and establish an acceptable criteria.
- The Ag Workgroup continued discussions on the ratios that should be applied to convert pounds of nutrient reductions to tradable credits. The group agrees that both the Delivery Ratio, as determined by the EPA Chesapeake Bay Model, and DEP's 5% Retirement Ratio in the DEP Interim Trading Policy are understandable and applicable. The group believes discussion is still necessary on both the Edge-of-Segment Ratio and the Trading Ratio. The group has significant concerns that strict application of the Edge of Segment Ratio and the trading ratios previously identified to determine tradable credits to be generated from farm BMPs will reduce the economic benefit for farmers to the point where it will not be feasible to participate in nutrient trading. The group also has concerns that strict application of these ratios in current form will provide greater opportunity for persons who have been less diligent in employing BMPs to economically benefit from nutrient trading than persons who have taken on the responsibility to employ BMPs to reduce nutrient loading on their farms. Specifically, how can

these ratios be applied to encourage farmer participation in nutrient trading and reward the more efficient nutrient management practices that result in real nutrient load reductions.

- Edge-of-Segment Ratio:
 - The average values used by the model fail to capture the site-specific conditions of an individual farm operation.
 - If possible, a technique should be developed to address individual farm Edge-of-Segment loads, where there is justification to adjust model segment averages.
- Trading Ratio:
 - If a trading ratio must be applied there must be some level of achievement that can improve one's ratio to 1:1; OR some classification based on past performance or environmental benefits of particular BMP practices to be performed that will reward the good actors and more effective BMPs.
- The group wanted to restate that the Nutrient Trading Program should not encourage the retirement of productive agricultural land in order to generate credits.
- There will be a meeting of the Technical Subcommittee of the Ag Workgroup to address these issues on July 10.
- The Ag Workgroup will meet again on July 18.