



Executive Summary:

Recommendations to Strengthen EPA's Watershed Approach to Water Quality Under the Biden Administration

While much progress has been made on improving water quality since the 1970s - particularly from point sources of pollution - significant water quality issues persist in much of the country and are driven primarily by nonpoint source pollution. For this reason, one of the most effective strategies to make further progress in cleaning up our rivers, lakes, and streams is to use a mix of point source treatment and distributed water pollution reduction projects that identify and prioritize nonpoint pollution reduction at a watershed scale. Working on both point and nonpoint sources in an intentional way within a watershed can deliver important co-benefits to communities and address equity and environmental justice issues. Various states and the EPA have been [supportive of watershed approaches](#) since the 1990s. A watershed approach enables permittees and political jurisdictions to incorporate point source treatment and watershed projects into a more cost-effective, multi-benefit distribution of pollutant load reductions that can have the added benefit of expanding investment in rural communities and infrastructure.

This report identifies ten policy recommendations that, if included in future EPA regulations, policies or initiatives, would improve the effectiveness of existing and nascent watershed approaches and expand investment in them by local governments and private investors. These ten policy recommendations are:

1. Develop accurate terminology. “Watershed-based approaches” is accurate for the approaches envisioned through distributed water pollution reduction projects; “market-based” is too narrow and suggests that water pollution reductions occur only through buyer-seller exchanges in market arrangements. The term “watershed-based approaches” could be introduced in a new regulation, policy, or agency memorandum to connote the diversity of approaches that EPA already is supporting.

2. Define and establish the universe of permitting programs and planning areas to which watershed-based credits could be applied, including by promulgating regulations with consistent definitions to clarify the difference and overlaps between terms like “market-based approaches,” “water quality trading,” and “offsets.”

3. Provide regulatory certainty for cities and towns. Provide regulatory language that explicitly recognizes the role of watershed-



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based credits in [Water Quality Management plans](#) to make it clearer to regulated sources like cities and towns that funding they invest in the watershed will fairly be credited toward permit goals. Without this, investment won't happen.

4. Make liability transfer an option, not a requirement. Allowing a third party to take on permanent responsibility for defined amounts of water pollution reduction won't make sense for all watershed project supplies but it will for some—create a path for them to take on that responsibility.

5. Don't strand environmental assets. Conservation projects that have a quantified water quality benefit but are as yet unused should always be allowed to carry benefits forward for use in succeeding years. Regulators who require that the value of older outcomes be discounted or zeroed out—even when the projects don't have diminished pollution control benefits—undercut important conservation and discourage early adoption of water quality benefitting work.

6. Improve going forward but don't hurt early programs. Grandfather existing state watershed-based programs under any new regulations.

7. Encourage quantification tools. These tools are critical to evaluating water pollution reduction benefits. Encourage states to use and improve regional models for credit and debit calculation. This is a crucial prerequisite for performance-based approaches. A good example is the [Chesapeake Assessment Scenario Tool](#) used by all Chesapeake Bay watershed states.

8. Ratios aren't science. Most quantification tools already include many conservative assumptions. Ratios aren't a logical or science-based approach unless a state or EPA first evaluates conservatism built into crediting models and explains why a specific ratio is needed. Without that, it's just an arbitrary punishment for watershed work.

9. Consider life-cycle costs in watershed-based approaches. Embed the life cycle cost of the practice design, permitting, and implementation; land stewardship; and monitoring and maintenance into point source treatment projects and watershed-based approaches in order to estimate the true costs of a unit of pollution reduction.

10. Allow broad service areas for watershed-based programs to allow practitioners to find ways to maximize co-benefits of projects, including for disadvantaged communities.

The Biden administration has [committed to improving water quality](#) in every corner of the country. The watershed approach outlined here identifies priorities that will allow the administration to further water quality improvements by catalyzing additional pollution reductions from nonpoint sources. At the same time, these approaches can be designed to direct multiple economic, ecological, and social benefits to neglected rural communities and disadvantaged urban neighborhoods through improvements in water quality, greater local investment, and potential job creation through projects that include solutions such as green infrastructure.

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