

ACES 2014 Afternoon Workshop 2
December 8, 2014 | 1:00pm-4:30pm

Title: *Best Practice in Program Design: Key Decisions in Building Ecosystem Service Payment, Incentive, or Trading Programs that Work*

Description: Learn how to lay the foundation for an ecosystem service payment, incentive, or trading program in your area. Participants will leave the workshop with an ability to navigate the science- and policy-based decision points inherent in designing market-based programs. Willamette Partnership staff bring their full experience leading state, regional, and national conversations on best practice in trading program design to explore its stickiest issues:

- **Baseline and Additionality:** Each trading program must set a “trading baseline” — i.e., the performance threshold a nonpoint source is required to meet before credits can be created. Setting baseline is a critical and potentially sticky issue in program design.
- **Quantifying Water Quality Benefits at the Project Site:** The first step in determining the amount of credits available to sell is to quantify the benefits derived from BMPs at the project site. This section covers selecting or developing quantification methods that are appropriate for trading.
- **Project Verification:** Confirming the quality and performance of credit-generating BMPs after they are installed is central to programmatic integrity. This section discusses designing a verification system that balances cost and rigor.
- **Transaction Models and Sustainable Business Models in Market Operation:** This section will explore considerations in program design that feed directly into the cost of ongoing operations and the sustainability of supporting operations over time.

As a case-study, this workshop will illustrate the steps outlined in the Willamette Partnership’s Ecosystem Credit Accounting System, which guide multiple streams of investment using different funding approaches within a single accounting system to generate and track benefits, all working towards broader environmental goals, as well as the challenges and opportunities to adapt existing tools to new programs and resource management objectives.

Target Audience and Value Proposition:

There is growing interest and recognition that market-based approaches are attractive solutions to many environmental programs, both in terms of regulation and the investment of public and private funds. However, many program developers get stuck trying to answer the question of “how do we do this?” and become stagnated. This workshop will identify necessary program components and questions to answer in order to set a clear path for program development. The basic components of market-based programs remain largely consistent across different program types. Often, a single framework can coordinate the actions and investments of many different people, allowing them to work towards a common environmental and investment goal. Similarly, the basic components of market-based programs can be transferred to other types of regulatory or investment programs.

This workshop is targeted to individuals who are interested in building a payment for ecosystem services or other market-based program, but don’t know how to take the next steps. This includes:

- Practitioners
- Regulators
- Policymakers
- NGOs

Agenda:

Description	Time
Understanding ecosystem services, regulatory challenges, and market-based solutions	
Why quantify ecosystem services and what do we mean by “market-based” approaches to conservation? This introductory section will discuss challenges inherent in regulatory structures and conservation systems and the role that market-based approaches can play in addressing them.	1:00 PM
What Does it Look Like?	
Navigating the family tree of compliance markets, voluntary markets, payment for ecosystem service programs.	1:20 PM
Key Design Components and Best Practices – From Baseline to Business Models	
Best practice approaches on the stickiest design issues – Setting baseline, quantifying ecosystem services, credit verification, and developing a business and transaction model.	1:40 PM
Break	2:30PM
Ecosystem Credit Accounting System	
Markets are real – case study of moving from theory to implementation of a system that allow efficient regulatory compliance, and brings investment to green over grey infrastructure.	3:00 PM
Adapting Tools to the Local Context	
Tackling your stickiest issues. Opportunities to leverage existing tools and success stories.	3:30 PM
Wrap Up, Questions, & Discussion	4:00 PM
Adjourn	4:30 PM

Note: This workshop will build on concepts presented in the morning session titled “Program Development: Building Performance-Based Programs From the Ground Up.” The workshops are designed such that they can be taken independently, but will complement each other in content.

Workshop Organizers & Qualifications:

Carrie Sanneman
Willamette Partnership – *Ecosystem Services Project Manager*
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Carrie puts ecosystem markets on the ground. As the manager of ecosystem market operations at Willamette Partnership, she has firsthand knowledge of how questions answered in the program design phase play out when those markets are operationalized. Willamette Partnership’s Ecosystem Credit Accounting system has been used in three compliance-based and two voluntary trading programs in the Pacific Northwest. Carrie is also the Partnership’s lead for water quality trading program design and

quantification of water quality benefits from restoration and conservation actions. Carrie is amongst the lead authors on a set of best practice considerations being developed by the practitioners and stakeholder groups in the National Network on Water Quality Trading.

Sam Baraso

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Sam is the technical lead at the Willamette Partnership. He adapts protocols, models, and policies for both the Partnership's biodiversity and water quality programs. Sam has managed the development of endangered species mitigation programs, adaptation of nutrient models for water quality, and exploration of new ecosystem service markets. Using his experience in market operations in the Partnership's water quality program, he keeps an eye towards the challenges in implementing ecosystem service programs. Sam has a Masters in environmental management from the Nicholas School at Duke University and an undergraduate in finance from Washington University.