



## Nutrient Trading/Offset Work Group Meeting

March 17, 2026, 12:00 p.m. - 4:00 p.m.

Butte-Silverbow Emergency Operations Center

3619 Wynne Ave., Butte, MT 59701

Join via Zoom:

[Zoom Link](#)

Dial by Phone: 1 (206) 337-9723, Webinar ID: 871 8193 7612

### Relevant Documents

- [HB736](#)
- [Circular DEQ-13](#)
- [ARM 17.30.1701](#)

### Preliminaries

- Agenda
- Roll Call
  - Hannah Riedl, DEQ
  - Hannah New, DEQ
  - Clayton Elliott, Conservation, recreation
  - Sarah Zuzulock, Conservation
  - Shawn Kohtz, Public point sources
  - Eric Sivers, DEQ
  - Kyle Milke, DEQ (online)
  - Greg Bryce, Industrial point sources (online)
- Approve [February 12, 2026 meeting minutes](#) and share any post-meeting thoughts or ideas
  - Both Sarah and Shawn provided minor edits, otherwise agreement on approval
  - Hannah discussed adding example projects to upcoming meeting topics, which was met with approval.

### Eligible BMPs (HB736 Section 4; DEQ-13 Section IV.3) Hannah Riedl

- Recommended pre-reading:
  - Draft updated Montana Nonpoint Source Management Plan [Appendix A: BMPs](#)
  - “Minimum design standards” from Nonpoint Source Pollution Reduction Projects [Call for Applications](#)
- HB736 directed BMPs:
  - *riparian fencing programs based on the number of feet of streambank;*

- *riparian vegetation programs based on the number of acres vegetated;*
- *development of wetlands in areas of irrigation water return flows based on the number of acres*
- *removal of septic systems based on the number and size of septic systems removed*
- How should we incorporate these into the circular? Current DEQ-13 just has a list of BMPs with no criteria or metrics. Hannah proposes to add the metrics provided in HB736 to each respective item in the list of DEQ-13 BMPs. All members agreed and recommended adding metrics/units to the other BMPs, with the caveat that we focus on the 3 HB736 BMPs first and noted that removal of septic systems is the 4<sup>th</sup> BMP that HB736 directs action on.
- How to encourage comprehensive projects? Clayton- encourage projects that provide a systematic solution rather than short-term Band-Aids. Sarah highlighted questions on effectiveness: “how many pounds per day do you get per feet of fence”? Hannah explained that it’s hard to be too prescriptive because the prior use/condition of the pasture or range plays a role. Her goal is to provide methods for stakeholders to evaluate each project. Hannah explained that the benefits from previous projects have been evaluated on amount of cattle feces isolated from stream, and riparian revegetation as an additional source of load reduction hasn’t been evaluated.
- Practice standards: projects are variable. One aspect of NPS work is revisiting NPS improvement projects after 5+ years and evaluating the success. Landowner enthusiasm is a major determinant. DEQ wants to develop practice standards for credit/trade BMPs. Hannah presented on various criteria NPS uses to evaluate project success. Sarah asked about the comparison of DEQ versus NRCS standards, which are generally higher. Shawn highlighted the importance of the legal component of the agreement for access and maintenance.
  - DEQ’s process standards are focused on understanding and restoring natural processes whereas NRCS’s are more engineering focused. Hannah presented on some differences and encouraged discussion on direction for the updated DEQ-13.
  - Sarah highlighted the importance of robust assurances for reliance upon in permitting decisions, which is a different situation than traditional NPS projects. Greg and Shawn expressed concern about applying high levels of uncertainty to the point that dischargers are disincentivized from pursuing NPS projects. Hannah explained that we’ll discuss this later in the afternoon in the offset quantification item.
  - Sarah asked about how much we need to be considering EPA’s trading guidance (ca. 2003) for use in CWA applications subject to EPA approval. Hannah and Kyle clarified that it is still in use and DEQ is familiar with it.
  - Practice standards: Hannah confirmed that DEQ heard support for guidelines for project designers and question about degree of uncertainty applied depending on guidance provided.
  - Greg proposed two sets of design standards for wetlands generally and specifically for irrigation return flow locations.
  - Clayton asked for a flowchart of the whole NPS offset/trading program to identify decision points for this workgroup to focus. That would help provide context for our discussions in terms of where we are in the process.
  - Shawn asked about the MPDES process. Hannah explained in broad strokes how the NPS review process will integrate into the MPDES permit cycle.

- Hannah presented on existing BMPs in current DEQ-13. This includes septic system reductions (also directed by HB736), which have more detail than the other BMPs currently in the circular. Perhaps some of the current list of BMPs could be reduced if they're redundant or ineffective. For example, 'optimizing treatment operations' doesn't generate a trade. It's a permit consideration already. Greg clarified that he sees optimization as an option that one discharger could do for another, and should get credit for it, and that land application could reduce nutrients in a watershed via agronomic uptake. Shawn suggested an example of Bozeman investing in land application for Belgrade or Amsterdam and wanting credit for it.
  - Greg proposed adding consideration of projects to increase clean water flow in streams (e.g. via moving water rights to instream flow).
  - Hannah recommended pointing DEQ-13 readers to DEQ's nonpoint source management plan.
- Lessons learned from Nonpoint Source and Wetlands Section long-term effectiveness reviews
- Minimum design standards
- [NRCS Practice Standards](#)
- Consider practices already listed in DEQ-13. Are there any worth revising or removing? Any practices worth explicitly designating ineligible? DEQ generally recommends adding new practices, otherwise keeping existing list.

#### **1:15 – 1:30 Break**

#### **HUC12 Boundaries Hannah Riedl**

- How these boundaries are applied
- Sarah clarified her initial question was due to lack of familiarity with HUC12 boundaries, how they compare to level 3 ecoregions and nutrient targets. Greg clarified that the HUC12 restriction is intended to enforce adjacency of the NPS reduction. Greg wondered if HUC12 restriction is the best approach, and whether it should be modified in future legislation.

#### **Offset Quantification Kyle Milke**

- Recommended pre-reading: [NPSW's Load Reduction Guide](#)
- Model-based credit quantification
- Site-specific credit quantification
  - Kyle presented on different models and onsite measurements that fall into both categories
  - Greg advocated for the idea that verification stringency should push back against uncertainty, so that there is still a benefit to the point source in pursuing the project.
- Seasonality DEQ will need to consider year-round extension to historically seasonal concerns.
- Life of practice
  - Shawn expects that the project would be credited in perpetuity so long as the discharger continues to maintain it and the nonpoint source continues to exist. Greg concurred.
- Role responsible for quantification
  - Applicant responsible but DEQ has inspection authority, and the discharger is responsible for the legal agreement with the landowner.
- Brainstorm necessary updates to Load Reduction Guide
- Greg volunteered to present on effectiveness of wetland mitigation projects in a future meeting.
- Public interested in how offsets will be calculated. This will play into DEQ's load reduction guide. Greg

noted that HB736 directed DEQ to establish methods that are missing from current DEQ-13. (But that are now developed in the load reduction guide.)

## **2:30—2:45 Break**

### **Offset Verification Hannah New**

- Implementation verification
- Maintenance verification
- Performance verification
- Role responsible for verification and data storage
- Hannah New presented on verification methods and considerations, as well as recordkeeping requirements for MDPES permits.
- Timeline of project – verification – credit? Hannah Riedl raised the requirement for generating the credit/offset before it can be applied. Shawn expressed an understanding that a discharger would work on projects with the expectation that they could be applied in the next permit renewal cycle.
- Sarah raised the question of permit noncompliance. The reason for noncompliance will be a major consideration.

### **Funding responsibility/eligibility Hannah Riedl**

- Who is responsible for funding?
- Is grant funding eligible?
- Clayton- leave that to outside entities like RRG or SRF programs to make the decisions of eligibility. Sarah raised the concept of a nonprofit funding a project (via grants or other methods) and generating offsets to sell to a point source. There was general agreement on the viability. There would need to be sidebars on how retroactive that could be, as the goal is to generate new improvements to water quality.

### **Strategy for Next Meeting Hannah Riedl**

- Hanna polled the group to see if this format was useful; should DEQ continue to take the lead on the discussion, or would members prefer to be more directive? The consensus is that this format is useful and appreciated.
- Next meeting is scheduled for April 16<sup>th</sup>, in Helena. Prior to then, the DEQ team will work to incorporate the results of today's discussion to the working framework of a DEQ-13 revision.

### **General Comments from Work Group Members & Public Comment**

- None. No members of the public in attendance.

### **Upcoming Meeting Topics**

- Sequencing of credits and permit issuance/renewal
- Offset ratios
- Program promotion
- Other changes required for successful implementation