



Nutrient Trading/Offset Work Group Meeting Minutes

April 16, 2026, 8:30 a.m. – 12:30 p.m.

2401 Colonial Dr. Helena, MT 59601

Wilderness Room

Join via Zoom:

[Zoom Link](#)

Dial by Phone: 1 (206) 337-9723, Webinar ID: 824 8070 0600

Relevant Documents

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

Preliminaries

- Agenda
- Roll Call
 - Clayton Elliot, Conservation, recreation
 - Greg Bryce, Industrial point sources
 - Kyle Milke, DEQ
 - Hannah New, DEQ
 - Hannah Riedl, DEQ
 - Sarah Zuzulock, Conservation (absent)
 - Shawn Kohtz, Public point sources
- Approve [March 17, 2026 meeting minutes](#) and share any post-meeting thoughts or ideas
 - Shawn pointed out that the above link to the meeting minutes was incorrect. Updated link. Draft March 17, 2026 meeting minutes will be approved during the May 21, 2026 meeting.

Review proposed updates to DEQ-13

- Hannah R. went through the redline changes in the draft proposed Circular DEQ-13 updates.

- Comment bubble at top of document is a running list of needed updates to the load reduction guide
- Other comments are updates to Circular DEQ-13 that have not been discussed with the work group yet
- Hannah R. pointed out one change that was not initially discussed with the work group, but is in this draft, are the references to numeric nutrient standard strikethroughs. This was replaced with more general language.
- Struck out content in Appendix A and replaced it with references to the load reduction guide and the MEANSS model white paper.
 - Hannah R. noted we do not want to completely strike Appendix A because it is mentioned in other administrative rules that HB 736 did not direct the department to change.
- Added the potential sources of nutrient reduction credits from HB 736. However, the septic one was not added because it was already covered in this list.
 - Also listed the nonpoint source management plan citation which is a clearer resource applicants can use that gives a list of practices that could be eligible.
- Lastly updates were made to the trading boundaries to reflect the HUC 12 boundaries identified in HB 736.
- Shawn stated that some clarity should be added to the last paragraph on page 1 highlighting that the fact that a trade framework could be developed in between permit cycles.
- Greg asked how the department will come to a determination when there is a disagreement on a topic. Hannah R. stated that DEQ encourages everyone to talk about their different points of view, that DEQ is focused on implementing HB 736, and that DEQ has heard from the workgroup a desire for increased clarity and assurance. So implementing HB736 in Circular DEQ-13 is primary work that DEQ will likely take a firmer stance on, and additional changes that increase clarity and assurance, we will work to come to a consensus as a group.

Other topics from March 17th to revisit

- No topics were brought up.

Wetland monitoring (Greg Bryce)

- Greg presented a project that was conducted in a wetland system and quantified nutrient attenuation in wetland sediments. This study was based on studies conducted in New Zealand and Australia, however, theirs focused more focused on stormwater reduction to nutrients.
- A “push-pull” study was conducted understand how much nitrogen attenuation was occurring in the system. Piezometers were put into the wetland sediment, and water was pushed in that contained a known concentration of nitrogen and a conservative tracer (bromide). Every few hours water was pulled out. The bromide was used to track dilution and determine what the nitrogen attenuation was beyond dilution in the system.
- Overall, this study indicated that nitrogen and phosphorus can be attenuated in wetland systems.
- Greg said this is a fairly inexpensive study that could be used to measure wetland effectiveness.

- Shawn presented some results from the Bozeman Wastewater Treatment Plant vertical flow wetlands. It was ultimately concluded that they were getting good nitrogen removals during summer months and still saw some nitrogen removal during winter months. The study showed that nitrogen removal was heavily impacted by temperature, even more so than phosphorus. In the summer months, they were seeing nitrogen removal as high as 80% and in the winter as low as 10%.

Process diagram

- Hannah N. created a flow chart to act as a guide when identifying decision points in the process, especially considerations for an applicant.
 - Once a facility decides they want to trade, they would determine if trading is a viable option. They would need to be able to work with a point source or nonpoint source to establish a trade agreement and application.
 - The applicant would then submit the trade application and their permit renewal application or modification request to DEQ.
 - DEQ will then review and either approve, approve with conditions, or deny the application.
 - Hannah N. then discussed factors that should be taken into consideration while working through the process.
 - Regarding application submission timing, Shawn recommended separating out the DEQ approval of the trade application from the MPDES modification request or renewal application step. The group concurred.
 - Hannah R. also brought up the fact that an application form has not been developed yet and maybe that could be a part of the program promotion and outreach materials discussions later in the year.
- Hannah N. also presented some sequencing examples.
 - When submitting renewal application materials, facilities with a trade agreement incorporated into their permit would also resubmit their trade application materials. Any changes to the trade agreement would get captured in this process.
 - Emphasized that once a permit is administratively continued, the conditions of the permit are frozen and no changes can be made.
 - In a scenario where a facility only obtained credits for a 5-year term during the initial permit cycle, even if a facility obtains a new trade agreement, submits it with their renewal materials, and the agreement is approved, if the permit is administratively continued, the terms will not be immediately incorporated into the permit.
 - The other scenarios proposed some solutions to avoiding the pitfall of administratively continued permits.
 - Have longer term credit (as long as the BMP keeps functioning as it is supposed to)

- Prioritized in same way as TMDL development using the [Montana TMDL Prioritization Framework](#)
 - Presented the prioritization factors with greatest influence, medium influence, and least influence.
- Lastly Kyle mentioned that there is a Statewide TMDL Advisory Group meeting in June and that municipalities can assist with TMDL revisions through a third-party TMDL revision.
 - The municipality proposes new targets but DEQ retains the authority to approve or deny the proposed targets and is still responsible for TMDL publication.
 - Greg asked if other entities can conduct a third-party TMDL revision. Kyle said yes that there is nothing in statute that precludes other entities from assisting with third-party TMDL revisions.
 - Greg also asked where in the prioritization factors does a TMDL revision fall. Kyle said that it would fall under the internal program coordination prioritization factor.
- Potential for “hot spots”

9:45-10:00 Break

Offset Ratios

- Replace 736 ratios into “Delivery Ratios”?
- How to add clarity to “Uncertainty Ratios”?
 - Hannah R. suggested replacing the delivery ratios definition section II(7)(a) of Circular DEQ-13 with the percentages outlined in House Bill 736 section 1(3)(a)-(c)
 - The group agreed that both section II(7)(a) & (b) should be struck and replaced with the ratios defined in House Bill 736
 - Hannah R. mentioned that the trades in Montana so far have used the MEANSS model to calculate the credit. There was no additional uncertainty ratio applied because it is assumed there is enough margin of error built into the model. In other words, there will be scenarios where an uncertainty ratio is not applied.
 - Regarding the point source to point source trading ratio of 100% and the fact that trades are for a net benefit for water quality, Hannah R. asked the group how they see these squaring. The uncertainty ratio section seems like an additional layer of ensuring a net water quality benefit, especially for when it is a modeled credit.
 - Greg asked what the verification process is. If there is a verification process, is that verification just that the plan has been implemented or a verification of reduction credits? Hannah R. replied that for a site-specific method there should be some site-specific monitoring and in a modeled method it could be something like an inspection to ensure BMPs are still in place and doing their job.

- Greg also expressed that if we are going to add an uncertainty ratio on top of a conservative model, we are adding more limitations for implementing the trading program. Shawn agreed that if we are overly conservative that it really disincentivizes the program.
 - Hannah R. stated that we will circle back to this discussion during the May meeting when the full group is present.
- Hannah R. proposed retitling section 7 to better reflect what the new contents will be.

11:00-11:15 Break

Example Credit Scenarios

- Removal of septic systems based on the number and size of septic systems removed
 - Hannah R. presented the scenario listed above to the group using the qualifier outlined in House Bill 736 (type of septic system).
 - Hannah R. noted that the white paper for the MEANSS model only addresses conventional systems. However, an applicant could go through the exercise of identifying which sites on the map are a higher level system.
- Riparian fencing programs based on the number of feet of streambank
 - Hannah R. presented the scenario listed above to the group using the qualifier outlined in House Bill 736 (footage of streambank fenced off).
 - Greg asked if there is a reason why you wouldn't use the summer growing season, can the presented methods apply year-round? Hannah R. said that it should be consistent with what people see in a permit (lbs/day). As far as an annualized load reduction, those nutrient effluent limits apply during growing season so the credit would have to apply during the growing season.

General Comments from Work Group Members & Public Comment

- Hannah R. went over the upcoming discussion topics.
- Greg mentioned that he would like to see more thorough discussion on what the verification process might look like. Maybe present a couple of scenarios, one for site-specific methods and one for modeling methods.
- Shawn mentioned that there is some language clarification the group needs to talk through:
 - On page 1 last paragraph of Circular DEQ-13 it mentions that nutrient trades must not exceed the total load proposed in the TMDL.
 - Kyle added clarity that a trade cannot exceed the total load assigned to a specific source, essentially you can't reduce a source's load beyond zero.

Upcoming Meeting Topics

- Program promotion

- Other changes required for successful implementation
- Example credit scenarios: wetlands and riparian vegetation programs
- Verification flow diagram