



A DIFFERENT APPROACH TO PARTIAL CREDIT

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Why are we talking about partial credit?

1. Issue V, “Alternatives to the All or Nothing Approach to Verification”
2. A Key Element of the Bay Verification Framework is “Ensuring Full Access to Federal Data”
3. To alleviate the challenge of verifying practices that cannot be located (or cannot be verified in general).
4. Data we have received from states like MD, NY and PA have shown structural and vegetative ag practices



Why a different approach?

To address the following concerns raised at previous meetings:

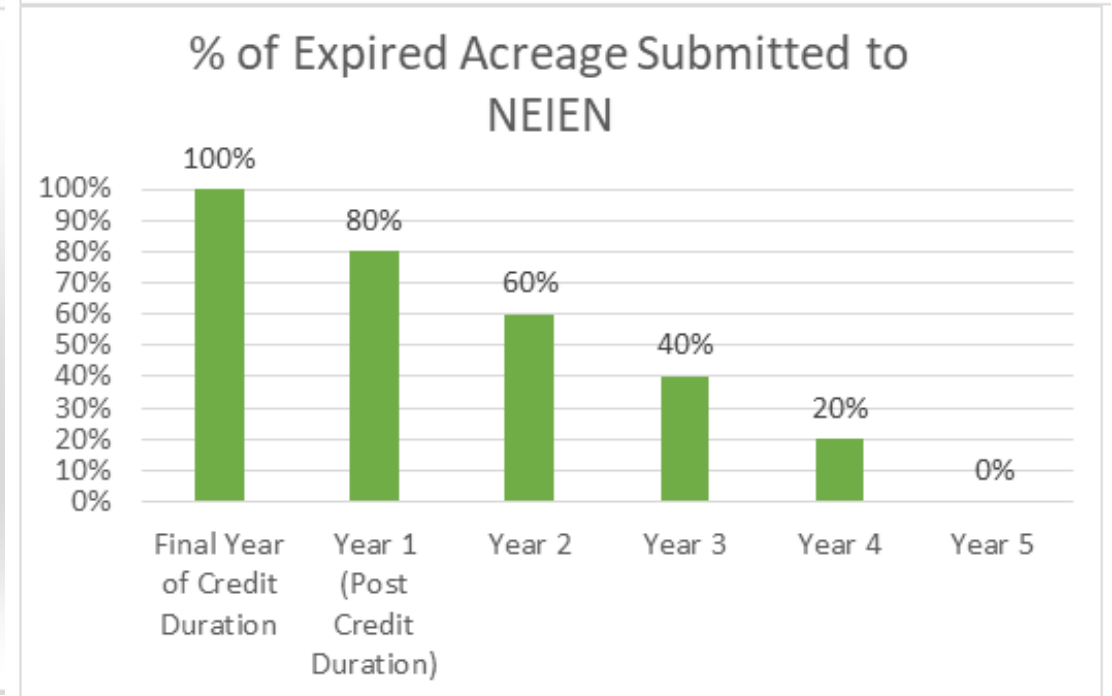
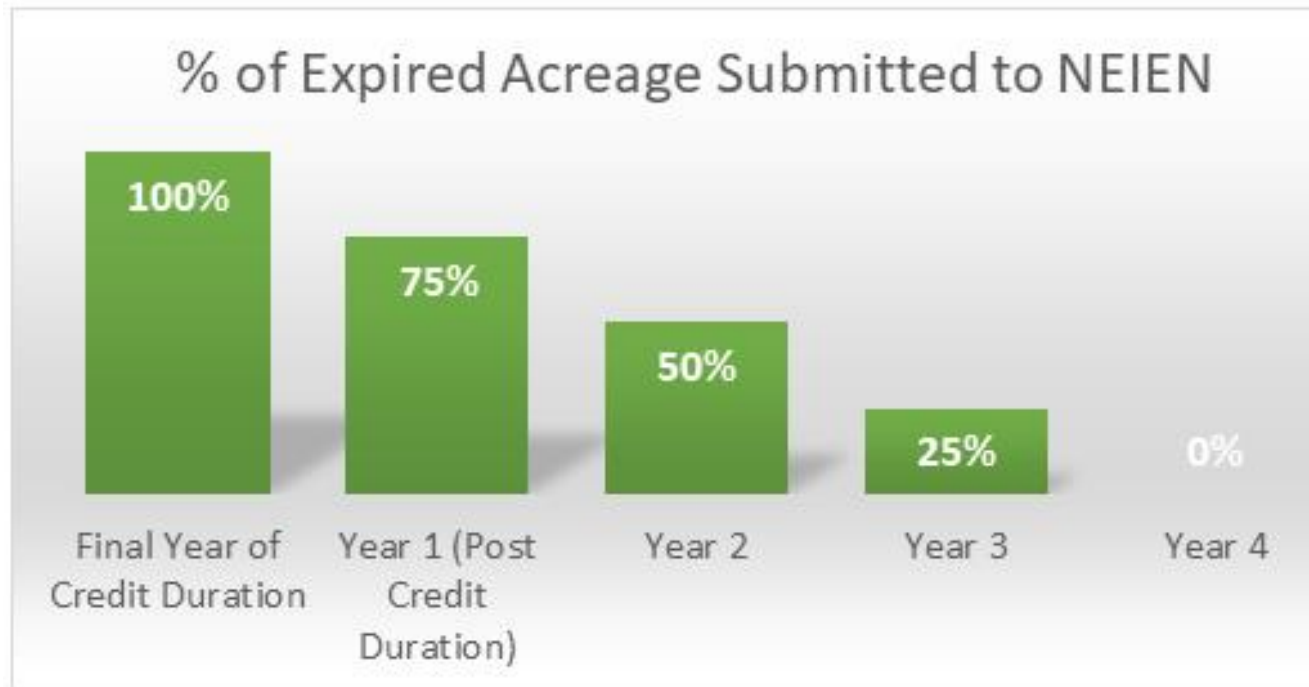
- The Workload to Develop a Partial Crediting System (as previously described) in NEIEN
 - Bay Program Priorities
 - Impacts to other CAST users and existing scenarios
 - Communication Challenges surrounding CAST reports

FOR THE PROPOSED METHOD ON THE FOLLOWING SLIDES, WE COULD....

- Apply this proposal only Federally Funded BMPs
 - States could utilize the optional funding field in the NEIEN submission for NEIEN to sort out practices that were federally funded.
 - Multi-year structural and vegetative agricultural practices (Credit Durations of 10-15 years)
 - Forest buffer practices could also be considered.
- Sunset this approach after a given amount of time
 - We can sunset this approach in a set time, like 2 years, to give the partnership time to continue to work through data sharing issues with NRCS via USGS, state conservation districts or EPA.
- Have Partial Credit only Extend a Practice's credit life a certain number of years post credit duration.
 - Limit the amount of time a practice can continue to receive credit after its credit duration has expired.

THE PROPOSAL

- Building upon the gradual phase out approach:

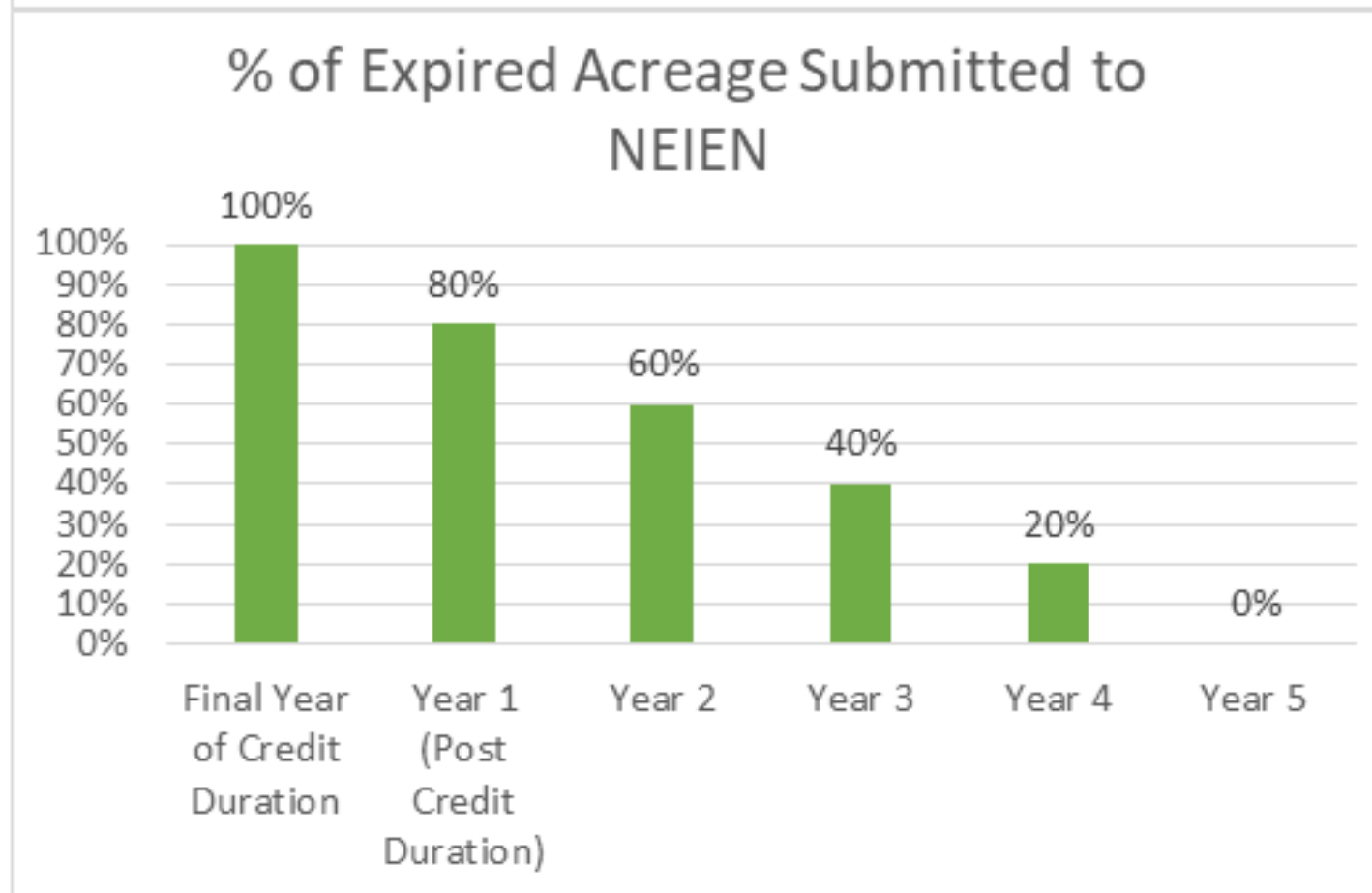


THE PROPOSAL

- **For practices that have reached the end of their credit duration:**
 1. The acreage of reported practices that **fall within their credit duration are processed in NEIEN without an error** related to an expired credit duration.
 2. The acreage or amount of **reported expired practices**, or practices past their credit duration for which an inspection data has not been reported, get **sorted into practices that are 1 to 5 years past their/post credit duration.**
 3. Since one state's data may not accurately reflect another state's data, standard reductions like **100%, 75%, 50% and 25% over 4 years OR 100%, 80%, 60%, 40% and 20% over 5 years** to define how many acres are credited post credit duration following the logic in graphs on the previous and following slides.
 4. These standard reductions are **applied to the acreage of expired practices that fall within 1 to 5 years post credit duration.**

THE PROPOSAL

- Building upon the gradual phase out approach:



THE PROPOSAL

For example: For Barnyard Runoff Control practices that have been federally funded, a state reports a total of 1,000 acres to NEIEN. 100 of those acres are expired due to credit duration. 900 acres are processed without an error for an expired credit duration.

- Of the 100 acres that have expired due to an inspection date not being reported, **10 acres are 1 year post credit duration, 10 acres are 2 years post credit duration, 10 acres at 3 years, 10 acres at 4 years, 10 acres at 5 years and 50 acres are over 5 years past their credit life.**
 - If we use a **20% diminishing credit over 5 years** (from the previous slide), of the 10 acres 1 year post credit duration, **8 acres are processed without error.**
 - Of the 10 acres 2 years post credit duration, **6 acres are processed without error.**
 - Of the 10 acres 3 years post credit duration, **4 acres are processed without error.**
 - Of the 10 acres 4 years post credit duration, **2 acres are processed without error.**
 - Of the 10 acres 5 years post credit duration, **0 acres are processed without error. (No partial credit received.)**
 - Of the 50 acres 5 years or more post credit duration, **0 acres are processed without error. (No partial credit received.)**

HOW THIS WOULD IMPACT NEIEN

1. NEIEN processes the data states submit for errors -- NEIEN sorts through inspection and implementation dates to ensure BMPs fall within the time frame of the credit duration.
2. Through this process, NEIEN can sort through and determine how far outside a credit duration a practice falls.
3. If a practice falls 1 year outside of the credit duration (1 year post credit duration), then, per the previous example, the acreage could be reduced by 20%.
4. If a practice falls 2 years outside of the credit duration (2 years post credit duration), then, per the previous example, the acreage could be reduced by 40%.
5. For practices that fall outside of the reduction range (5+ years post credit duration), no acreage would be processed without error.

COMMUNICATION CHALLENGES

- If this method is approved for CAST-23, we would observe an artificial jump in BMPs right before 2025.
- This artificial jump may also need to be considered in Phase 7 development.
- NEIEN validation reports would be altered by this change. However, this only impact a small number of people in the partnership.
 - Our communication surrounding “errors” would need alteration.

PLAN BETWEEN THIS MEETING AND NOVEMBER

- We will provide an offline poll to the group asking questions like: “Do you support this method?”, “Which BMPs should partial credit apply to?”, “Should partial credit have a sunset period?”
- The poll will help us determine how to carry out a vote. If there is not sufficient support from voting members, then Ad-Hoc leadership will determine the best course of action for this item.

ADDITIONAL THOUGHTS ON THIS DIFFERENT APPROACH?

