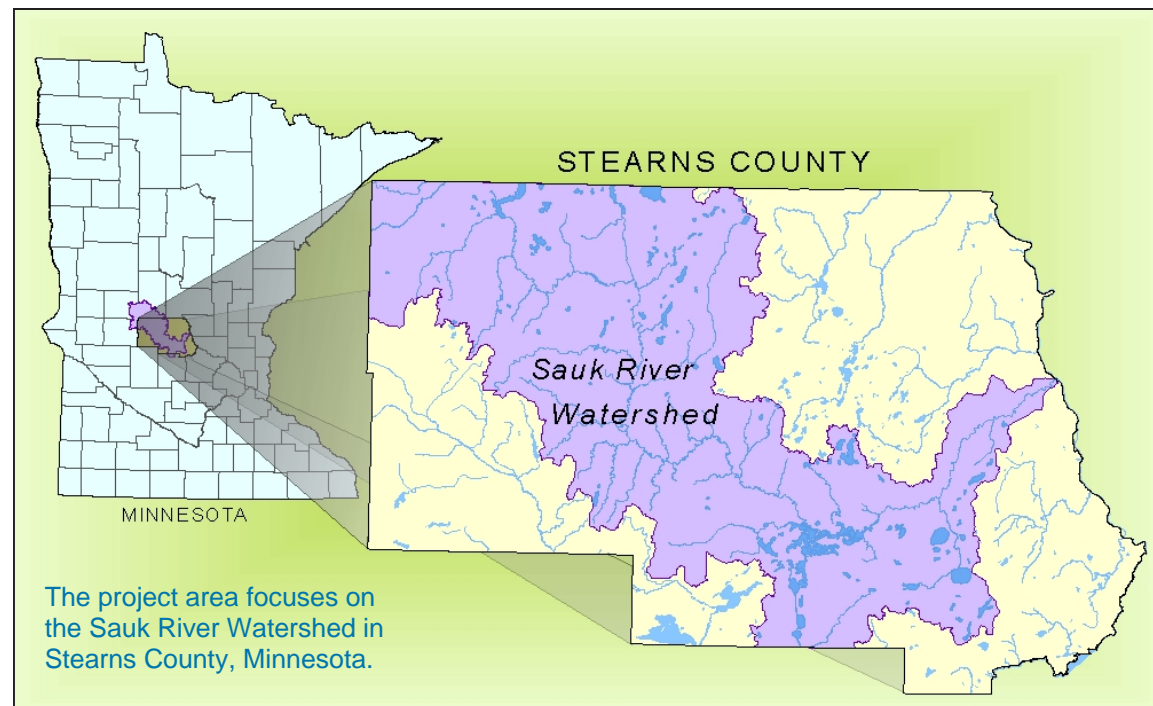


THE SAUK RIVER PROJECT IS AT THE FOREFRONT OF MULTIPLE ENVIRONMENTAL CREDITING PROJECTS IN THE U.S.

To increase the sustainability of Best Management Practices, the project is stacking appropriate credit payments from ecosystem service buyers (acknowledging constraints and limitations placed on stacking by buyer and regulatory stipulations). Stacking credit payments creates a cost efficient and effective method for sustaining desired land uses that provide multiple ecosystem benefits. These locally tested and implemented infrastructure and technical support systems will be transferred to other interested watershed in Minnesota and to other states in the Upper Mississippi River Watershed. This is being accomplished through the development of a handbook and creation of a National Advisory Committee with diverse representation from across the Mississippi River Basin. The committee will review materials, provide commentary and be exposed first-hand to the framework development process.

THE SAUK RIVER WATERSHED ECOSYSTEM SERVICES PROJECT AREA



The Sauk River Watershed Ecosystem Services Market and the Conservation Marketplace of Minnesota



“When one tugs at a single thing in nature, he finds it attached to the rest of the world.”
- John Muir

For more information on the Conservation Marketplace of Minnesota and the Sauk River Ecosystem Services Project, please visit our website at: <http://www.conservationmarketsofmn.org/>



The Sauk River Ecosystem Services Market is a network provider of the:





Photo Courtesy of the NRCS

The Sauk River Watershed Ecosystem Services Market

Executive Summary: *The Sauk River Watershed Ecosystem Services Market, an affiliate of the Conservation Marketplace of Minnesota, is positioning farmers to improve the environmental management of their farms by making it possible for them to accrue “environmental” credits, improved water quality and carbon sequestration to fight climate change. Over the next three years, the project will create water quality and ecosystem service trading systems. This will lead to successful*

operation of the Midwest’s first real “stackable” credit market involving both water quality trading and carbon trading with point source polluters and agriculture in Minnesota. Once successfully established, this unique multiple credit market in the Sauk River watershed will use the information gathered to create additional markets to serve the Upper Mississippi River basin. This project will benefit Minnesota’s environment as well as provide an economic boost for its farmers.



Photo Courtesy of the NRCS

THE SAUK RIVER PROJECT WILL PROVIDE:

- QUANTITATIVE VALUES FOR POLLUTANT REDUCTIONS
- CREATION OF WILDLIFE HABITAT
- BUNDLE SITE CREDITS INTO SIZABLE LOTS TO SOLVE BUYER’S NEEDS
- CREDIBILITY WITH REGULATORS THAT BMPs ARE BEING BUILT AND OPERATED WITH INTEGRITY
- FACILITATED REPORTING TO REGULATORS & CREDIT PROGRAM AUTHORITIES
- REDUCED ADMINISTRATIVE COSTS FOR PARTICIPANTS

flexible solutions to address environmental challenges

ECOSYSTEM SERVICES

The Sauk River Watershed Ecosystem Services Market is a project led by the Sauk River Watershed District (SRWD) and the Stearns County Soil and Water Conservation District (SWCD) to develop a platform to operate market based conservation incentives. Market based incentives called **Ecosystem Services** connect private and public sector buyers and sellers of environmentally based benefits.

ECONOMIC DRIVERS BEHIND THE ACQUISITION OF CREDITS

The drivers behind the acquisition of credits can be rooted in new regulatory compliance requirements, such as when a wastewater treatment plant has new requirements for further phosphorus reductions when every other pollution control aspect is in compliance. Or the desire to purchase credits can be voluntary in nature as is the case with the Chicago Climate Exchange which sells carbon credits to voluntary buyers that wish to offset their carbon footprint. The project team has identified the following markets to develop and engage conservation efforts in: **renewable fuels**, both biomass and biofuels, **Water Quality Trading** (WQT), **carbon credits**, **drinking source water protection** and **habitat**.

CONNECTING BUYERS AND SELLERS OF ENVIRONMENTALLY BASED BENEFITS

HOW IT WORKS

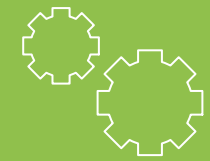
The ecosystem services are to be delivered in a manner that provides the buyer economic incentives when conservation is done offsite at another location in the same ecosystem.

In the case of water quality trading, buying offsite credits that exceed phosphorus reduction requirements has the potential to be dramatically less expensive than the otherwise required facility upgrade would cost for enhancing treatment of that one pollutant parameter

The intent of developing ecosystem service markets is to utilize multiple market drivers, including cash cropping to stack incentive payments to pay for the cost of the Best Management Practices (BMPs). The BMP cost would include the installation and materials of the practice itself and the technical and administrative assistance required. The land manager generates a profit provided the environmental gains are real and the market can bear the cost. The payments generated must fall with the project cost, purpose and environmental value of those desiring the conservation practices.

“With significant market and regulatory drivers in-place, these markets will provide economic and regulatory certainty rooted in sound science championed by local representatives that support the process”

- Jim Klang
Kieser & Associates



CUSTOM SOLUTIONS

Each participating watershed is creating independent frameworks that will provide local experts with the tools and ability to connect credit generators to multiple buyers. Framework administration will provide:

- Site Assessments
- Credit Valuation
- Record-keeping and Reporting for buyers and sellers

Contemporaneous development or expansion of ecosystem market opportunities for water quality credit trading, carbon sequestration, habitat, source water protection and renewable fuels for biomass and biofuel production are being pursued. The overall effort will create example market structures and protocols based on implementation of on-the-ground conservation projects sponsored by credit buyers that are transferable to other watersheds.



WEB SOLUTIONS

A website is being developed to facilitate project education and reporting. The project intends to improve public trust and comfort in market-based approaches by including transparent decision making on credits estimation methods, site criteria and prioritization. The project logo and name (“Conservation Marketplace of Minnesota”) will provide a label and certification process that contains multiple potential benefits for team members including marketing, education, name recognition and access to pass-through grants.



Photo Courtesy of the Stearns Co. SWCD