



The quality, integrity, and transparency of water quality trading programs are critical. Strict standards governing the creation and use of offset credits provide the level of quality, credibility and transparency regulators need and the public expects to protect and enhance water quality in our state.

Quality Standards – Credits used to offset thermal load impacts must meet strict standards for project quality. Criteria for species diversity, planting density, non-native and invasives, seed source, and site selection are established to ensure projects used to offset thermal load maximize ecological value and minimize unintended consequences (i.e. non-native, fast growing vegetation that provides shade, but damages other habitat features).

Independent Verification – Third party verification is needed to ensure quality standards, site management, and long-term stewardship requirements are being met over time. Third party verification is an essential component of the credibility and transparency demanded by the public to confirm projects being used by regulated entities to offset impacts are real and performing as intended over time.

Credit Registration – A credit registry is an electronic database that serializes restoration projects and their associated credits to track ownership, use, and ongoing performance. A credit registry helps regulated entities and regulators ensure and report to the public that credits used to offset regulated impacts are in place, performing to standards, and are being used by only one buyer against one regulated impact at any one time.



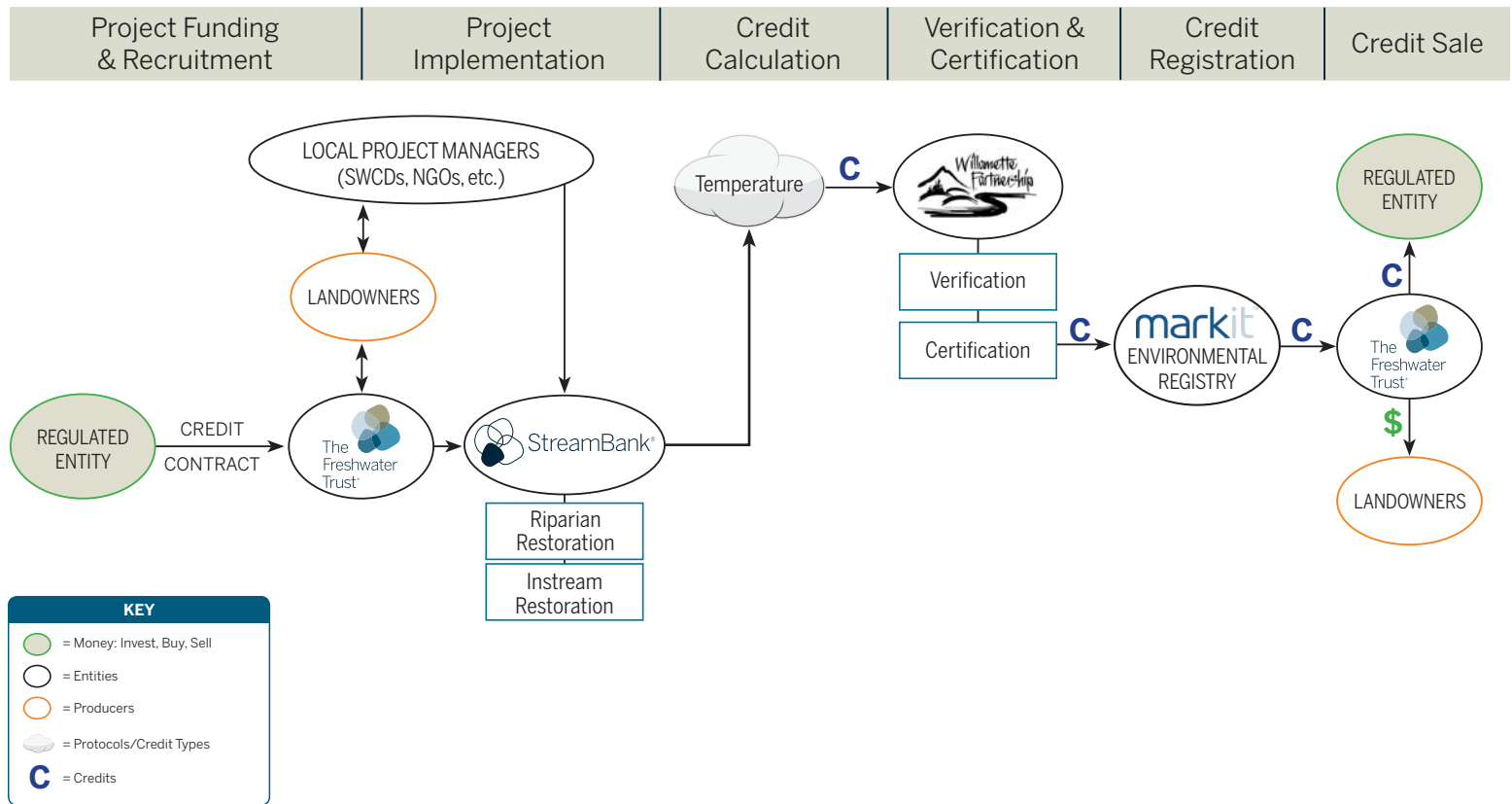
“Restoration” vs. “Credit Generation”

= Local Project Managers

= The Freshwater Trust

Traditional Restoration Steps	Compliance-Grade Credit Generation Steps
Identify project site	Identify project site
Fundraising	Financing
	Negotiate 20+ year contract with landowner
	Collect baseline data
Project design	Project design
	Estimated credit values
Implement	Implement
	Verification that implementation meets standards
	Certification that credits meet accounting protocols
	Credit registration
Monitoring and maintenance (Years 1 – 3)	Monitoring and maintenance (Years 1 – 3)
	Monitoring and maintenance (Years 4 – 20)
	Annual payments to landowners (20+ years)

Credit Transaction Framework



NOTES:

1. “Regulated Entity” refers to point sources seeking compliance with total maximum daily loads (TMDLs) and other regulatory drivers. In this model, the entity contracts with The Freshwater Trust to generate offset credits. The Freshwater Trust assumes all risk for generating credits that meet regulator-approved, rigorous standards. The Freshwater Trust secures (and assumes risk for) all upfront private financing.
2. The Freshwater Trust oversees all landowner recruitment, working closely with local restoration professionals. The Freshwater Trust contracts with these local groups to manage local project implementation through The Freshwater Trust’s StreamBank platform.
3. Credit calculation is performed according to rigorous standards. The Willamette Partnership oversees the verification, certification and registration process.
4. Once registered, the regulated entity can purchase certified credits. Revenue from credit sales is used to repay financing, fund landowner payments, and pay for monitoring and maintenance over time.