



## Nutrient Reduction Case Study

### Stormwater Retention Credit (SRC) Program

#### Washington, D.C.

Stormwater runoff, polluted by contact with impervious surfaces, is commonly transported through municipal separate storm sewer systems (MS4), which discharge to local waterbodies. Green infrastructure, such as rain gardens and green roofs, can reduce stormwater pollution by capturing and filtering runoff, recharging groundwater, and reusing water for irrigation or other non-potable uses.

Washington, D.C.'s National Pollutant Discharge Elimination System (NPDES) permit for MS4s addressed this pollution through innovative stormwater management techniques focusing on reducing runoff and improving water quality. The permit includes an option for the D.C. Department of Energy and the Environment (DOEE) to develop an offsite mitigation program, called the Stormwater Retention Credit (SRC) program. The SRC program allows stormwater projects to be implemented offsite rather than onsite and promotes effective stormwater management at a lower cost than traditional program requirements.

Under the MS4 permit's SRC program, voluntary green infrastructure stormwater retention credits can be generated by large construction projects; one credit equals one gallon of runoff retention for one year. These green infrastructure investments generally cost less than if the city did the work itself. This unique program focuses on creating green infrastructure in areas that drain to small tributaries in the MS4, and includes additional support to accelerate the credit trading market:

#### Additional Information

**SRC Program:** <https://doee.dc.gov/src>

**Stormwater Credit Trading:**

<https://www.youtube.com/watch?v=dfFoeQ40TMw;>

<https://www.youtube.com/watch?v=ZSXF9TfZ4sA;>

<https://www.youtube.com/watch?v=Sqt4-EvGSA4>

- **SRC Price Lock Program:** Launched in 2017 with an \$11.5 million commitment, eligible SRC generators may sell credits to DOEE at fixed prices for projects where untreated runoff drains to the MS4. This effectively creates a price floor for D.C.'s SRC market and offers revenue certainty for projects.
- **SRC Aggregator Startup Grant:** Provides up to \$75,000 in grants to SRC generators for site evaluation for green infrastructure feasibility, including technical support and outreach to identify projects in the MS4. This helps SRC generators develop projects for enrollment in the SRC Price Lock Program described above.
- **SRC Site Evaluation Program.** Free technical assistance to assess opportunities for SRC generation to land owners with at least a half-acre of land in the MS4 area, with a preference for properties owned by non-profits. Financial assistance not provided.

In addition to the SRC Price Lock Program, credit generators may also sell SRCs in an open market to properties managing stormwater runoff through a public SRC Registry where buyers and sellers independently negotiate a final purchase price. A site may opt to pay an in-lieu fee to achieve offsite retention obligations instead of buying and using SRCs.

The program has grown exponentially since the first SRCs were certified. The first SRCs were certified in April 2014 and the first trade was approved in September 2014, for 11,013 credits valued at \$25,000. In FY 2019, the SRC market experienced 27 trades for a total of 193,158 credits valued at nearly \$350,000. As a direct result of the SRC Trading Program, 15.4 acres have been retrofitted with green infrastructure, with another 9.6 acres in design/permitting/construction. In total, that green infrastructure results in a new retention capacity of 466,000 gallons.