

Chesapeake Bay Environmental Insurance Fund Group 3

Mission/Vision

- Establish a water quality insurance program that will:
 - Catalyze water quality markets
 - Instill confidence among the regulated community and the public in these markets

Structure and Architecture

- Approach – Establish a private watershed wide fund that will establish and hold a portfolio of projects in each state and appropriate basins that will be certified as eligible water quality credits.
- How it works – To minimize their CWA liability, the regulated community or aggregators will purchase insurance from the Fund. The credits will be “gold standard.”
- Key players and roles – Regulated community, credit aggregators

Target Market

- Buyers and sellers of certified water quality credits

Funding Strategy

- Initial capital investment by public/private partnership to develop infrastructure to operate the fund and develop the portfolio of water quality credits
- Once established, sellers or buyers will purchase insurance.
- Funds collected will be reinvested in projects until a critical point and then a portion of credits will be sold in the marketplace.

Scalability

- Yes.

First Step

- Pilot project in MD where the trading regulations are in the process of development
- Implement nutrient reduction project in a watershed where a new point source, in need of pollution offsets, will be coming on line.

Relationship to Existing Funding or Regulatory Schemes

- Potential to use new CIG funds as part of the public investment
- Driven by existing and developing water quality regulatory trading programs.