



The Case for an Environmental Asset Services Marketplace

Background

The dairy industry came together in 2015 to form Newtrient, a private company focused on reducing the environmental footprint of dairy farming while sustainably strengthening the rural economy without the need for ongoing government subsidies. Newtrient's board directly represents more than 50 percent of the country's milk supply and more than 20,000 farms of all sizes. The board includes Dairy Farmers of America, Land O'Lakes, Select Milk, United Dairymen of Arizona, Agri-Mark and more. The dairy check-off program is also represented on the board as well as the industry trade association for dairy farmers, the National Milk Producers Federation. Although it is a private company, Newtrient acts like a foundation with an entrepreneurial spirit supporting the long-term viability of the dairy industry and environmental stewardship.

Newtrient's Work

Newtrient and the dairy industry work to support the adoption of advanced manure treatment technologies and practices develop and market value-added manure-based products and create innovative market-driven approaches to achieving economically viable pollution prevention services. Newtrient has a history of partnering with EPA and has been a supporter and significant influencer in EPA's Nutrient Recycling Challenge.

Dairy farmers are eager to voluntarily incorporate technologies and practices that protect the environment. Because dairy farmers do not set the price for their own product, innovative approaches are needed to achieve outcomes that are both environmentally effective and economically viable. One such approach aligns the interests of the private sector, the regulatory community and the dairy industry through the development of voluntary pollution prevention markets. Such a program holds the key to unleashing the efficiency of private sector markets looking to reduce their pollution prevention obligation costs by paying farmers for products and services they can provide at a much lower cost. The result is a low cost and voluntary program driven by economic incentives to achieve pollution prevention more rapidly and at lower cost to manufacturers, taxpayers and their communities.

Proposed Private/Public Partnership with EPA

Working together with the EPA and several key states, Newtrient seeks to create an Environmental Asset Marketplace that will stimulate private sector investment in environmental protection infrastructure. This marketplace would shift the EPA's role from command and control as an environmental "cop" to encouraging a private sector



environmental services marketplace that simultaneously protects the environment and stimulates the economy.

Farmers are uniquely situated to protect the environment. The available technologies and the physical location of many farms provide significant pollution prevention advantages over more urban and/or industrial communities. For example, utilizing currently available technologies, a farmer can remove a pound of phosphorous from manure at a cost that is considerably less than it costs many municipal wastewater treatment plants and/or other NPDES permit-holders. If the appropriate regulatory red tape is removed, a market would develop allowing expensive downstream permit-holders to purchase lower cost, verified environmental credits as a way of complying with their own phosphorous reduction obligations.

The net effect would be more phosphorous removal throughout the watershed at a lower cost for permit-holders like wastewater treatment plants and their public rate payers. Furthermore, under such a market, farmers would have an adequate revenue stream to finance the technology required to remove the phosphorous at the farm and to make it economical to recycle, process, transport and sell the removed phosphorous as fertilizer in areas where it is needed. Significant secondary benefits of this approach are reduced in regulatory enforcement costs and increased market incentives resulting in a cleaner environment.

We would like to work with EPA to get recognition, encouragement and certainty for the states to facilitate these markets where they make sense. This would include the legal authority for such private sector efforts and state assurances that EPA could support this type of market-based approach to achieve pollution prevention obligations, while stimulating local economies.

We would like to work with USDA to encourage policy that would support farmers in employing manure management technology, which would result in improved conservation, environmental protection and grow rural economies.

