

ECOSTATES

The Journal of the Environmental Council of the States

Eyes on the Prize



A Cross Media View

ECOStates

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ECOSStates

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President's Corner

Dear Friends:

As I sit down to write this column, I realize that it will be my last President's Corner. At the Annual Meeting in Oklahoma City, ECOS will elect a new president, and responsibility for this portion of the magazine will move to another state. It has been a real privilege to serve as president of the Environmental Council of the States, and I am honored to have done so at a time of such transition in the organization. In addition to the significant change in the membership—more than half of our members have changed in the past two years—ECOS has emerged as a national leader, and a strong voice for the states in the environmental debate. I think we may have reached my personal goal for objectivity during a recent debate in Congress, when both sides cited the position of ECOS in support of their position.

The emergence of ECOS has been evidenced in a number of ways over the past few years. We have now had two "Outside the Beltway" meetings to talk to Washington "insiders" about innovative approaches that states have taken to the problems of the day. ECOS officers now meet quarterly with the EPA administrator and his senior staff to discuss state concerns. The chairman of the President's Council on Environmental Quality regularly attends ECOS meetings. ECOS officers and committee chairs actively participated in the EPA budget planning process in a fashion not seen before this year. I could list several additional ways in which ECOS has stepped up its presence in the national discussion of environmental issues, but the bottom line is that the quality of the work of the members of ECOS has made the association an important voice.

Why is it important for ECOS to have a significant voice on environmental matters? Because as you have seen in past issues of *ECOS*States, and you will see in this issue as well, the states are

continuing to drive the innovations on environmental matters. This edition of *ECOS*States focuses on cross-media and sustainability issues. Although it has been over a decade since most of the major environmental statutes have been amended, environmental problems have not gotten simpler to solve. Today's problems frequently involve more than one program area, often deal with technologies that were not contemplated when the laws were written, and therefore require innovative approaches to solve them. As *ECOS*States frequently describes, in many cases it is an individual state or a group of states that is providing the leadership on an innovative approach to the problem.



Christopher Jones

This issue also features an article by EPA Deputy Administrator Steve Johnson, describing the Performance Track program from the EPA perspective. Steve was recently sworn in as deputy administrator after having served in an acting role for several months. Steve brings to the position a history of working with states, and we appreciate his contribution to this edition of the quarterly journal.

Finally, I'd like to thank the staff at ECOS for all of their help during my time as president. They do excellent work, and make the officers and committee chairs appear as if we know what we are doing. Again, it has been an honor and a privilege to serve as president of ECOS. I am sure that the organization will be in good hands with the new officers.

Enjoy the Annual Meeting in Oklahoma City.

Best wishes,

A handwritten signature in cursive script that reads "Christopher Jones".

Christopher Jones
President, Environmental Council of the States
Director, Ohio Environmental
Protection Agency



Eyes on the Prize— A Cross Media View

CROSS MEDIA COMMITTEE MAKES STRIDES UNDER JOINT WORKPLAN WITH EPA

BY DAVID PAYLOR

OVER THE PAST YEAR, the ECOS Cross Media Committee (CMC), led by co-chairs David Paylor of Virginia and Arleen O'Donnell of Massachusetts and with the full support of the EPA Office of Environmental Policy Innovation, has established an unprecedented working relationship with the key EPA committee related to innovations, the Innovations Action Council (IAC). The IAC, comprised of EPA's deputy regional administrators and program office assistant administrators, meets four times a year to provide feedback, input, and direction to EPA's innovative programs.

In 2003, in response to a request for input into development of a new CMC workplan, state commissioners expressed a strong interest in advancing innovations projects for better environmental results. After discussions at ECOS meetings and during CMC conference calls, the list was narrowed to match the specific interests of state commissioners. A number of these projects were adopted by the IAC and CMC to make up the initial "Joint IAC/CMC Workplan." They include Community Action for a Renewed Environment (CARE), Total Maximum Daily Loads (TMDLs), an Environmental Results Program for Underground Storage Tanks (UST ERP), and the "unsticking" of innovations.

Community Action for a Renewed Environment

CARE is a new initiative designed to establish a series of multi-media, community-based, and community-driven projects to reduce toxic pollution. Through CARE, EPA partners with

communities providing technical support, helping them use collaborative processes to select and implement local actions, and awarding federal funding for projects to reduce exposure to toxics. This fall EPA expects to solicit proposals for two different types of competitive cooperative agreement grants to state, tribal, and local governments; community organizations; and non-governmental organizations. The smaller agreements will support the development of community-based stakeholder groups, and the larger agreements will be for communities that have already organized and assessed risks and are ready to select risk reduction activities.



David Paylor

Total Maximum Daily Loads

Many states have been searching for alternative ways to meet TMDL requirements that produce better environmental results with fewer resources. This project will propose alternative approaches to water body listing and TMDL development (*see article by Arleen O'Donnell in this edition*).

Underground Storage Tank Environmental Results Program

ERPs have been applied successfully for a number of years. The ERP model is one of integrated compliance assistance, self-certification, and statistically based performance measurement. It was originally pioneered in Massachusetts, and

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Cross Media Committee Makes Strides under Joint Workplan with EPA

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places the responsibility for environmental management on the facility; facilities are educated about their obligations and are then required to evaluate and self-certify. ERP projects have been implemented for a variety of sectors, including auto repair/auto body, dry cleaning, auto salvage yards, printing, and photo processing.

One of the challenges in establishing an ERP program is the significant amount of work needed to develop the training materials and program logistics. EPA is currently working with member states to create a national template that would be available to states for implementing a UST ERP. Four states are currently participating—Rhode Island, Tennessee, Georgia, and Vermont; several others may join the effort, including Virginia, Oregon, and Colorado. The ERP approach offers facilities easily understood, tailored compliance information and tools while at the same time providing states with a cost-effective means to reliably assess facility performance and better target regulatory resources. The UST ERP CMC/IAC joint project will focus on promoting the benefits of the UST ERP approach through state funding

state environmental management practices, and providing timely decision making on good ideas. Under the agreement, states have submitted 50 proposals in the last five years; 25 are being implemented. However, the number of



proposals submitted under the agreement has fallen off in recent years due to concerns that the process was inefficient and time-consuming and that some projects (and other issues) have gotten “stuck” with no apparent means of resolution.

To attempt to reinvigorate the innovations efforts of the states, the CMC and the IAC have proposed an “unsticking” process that is currently being piloted. The new process consists of the following steps: (1) “stuck” issues are identified by member states or EPA; (2) an impartial IAC/CMC subcommittee consisting of regional and assistant administrators not invested in the project as well as CMC representatives will be formed; and, (3) the subcommittee will gather facts, clarify the problem, discuss options, and resolve issues where possible (the subcommittee will hear from both the state and the relevant EPA office). It is anticipated that most issues will be resolved at the subcommittee level; however, if necessary, the subcommittee will elevate the stuck innovative project to the deputy administrator, who has

To attempt to reinvigorate the innovations efforts of the states, the CMC and the IAC have proposed an “unsticking” process that is currently being piloted.

opportunities, model informational materials, and outreach to state and EPA UST program managers and staff at regional and national meetings and conferences.

“Unsticking” Innovations

In 1998, EPA and ECOS signed the “Joint EPA/State Agreement to Pursue Regulatory Innovation” with a three-part focus: enhancing environmental protection, improving EPA/

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STATE TMDL INNOVATIONS INITIATIVE A MORE SENSIBLE WAY TO ADDRESS MERCURY

BY ARLEEN O'DONNELL AND MARK SMITH, PH.D.

Introduction

ABOUT TWO YEARS AGO, the New England states and U.S. EPA Region 1 convened a regional innovations work group to brainstorm how we might work together to foster innovative approaches in our regulatory programs. We spent the day identifying opportunities and voted total maximum daily loads (TMDLs) as the number one priority issue in need of innovation. A project scope was written, U.S. EPA provided funding, and work is now underway on a number of efforts, only one of which is discussed in this article.

Building on the Region 1 states' initiative, TMDL innovation is now an element of the ECOS/Innovation Action Council's joint work plan that is enjoying the benefit of broader participation and discussion. An inventory of state TMDL innovations is being developed, a TMDL innovations scope has been agreed upon between the ECOS Cross Media Committee and EPA, and states are volunteering for pilot projects to demonstrate effective alternatives to traditional TMDLs. To date, participating states include Oregon, Arizona, Colorado, Wisconsin, North

TMDLs. Most innovative approaches include the ever-important "implementation" ingredient so often absent in TMDLs (and not required by regulation). Following is a summary of one of the TMDL innovations currently underway and awaiting EPA approval.



Arleen O'Donnell

New England Efforts to Reduce Mercury

Mercury pollution is a priority environmental issue in many parts of the country. All the New England states have statewide fish consumption advisories in place due to unacceptably high levels of mercury in fish. Fish from hundreds of fresh water bodies across the region are affected, as are a number of marine species. Nationally, data collected by the Centers for Disease Control demonstrate that over 600,000 newborn babies per year are at risk of adverse neurological effects due to their mothers' exposure to mercury.

In recognition of mercury's adverse impacts on the environment and children's health, many states across the country have developed strategies to reduce mercury pollution. In response to the transboundary and multi-media nature of the mercury problem, the New England states teamed with the Eastern Canadian Provinces to assess and address mercury pollution on a regional basis. As a first step, they completed a regional assessment of mercury sources and impacts (*Regional Northeast States and Eastern Canadian Provinces Mercury Study*, 1998). This study concluded that mercury pollution was having a significant impact on the region's en-

Because mercury is a multi-media pollutant that can be transported long distances in the atmosphere, many states have argued that a state-implemented, traditional TMDL is not an effective approach for this pollutant.

Carolina, Maine, Rhode Island, Connecticut, Massachusetts, and Maryland.

Why are we doing this? Contrary to what some might think, innovative approaches may well take more effort than simply crunching numbers and checking off TMDL boxes. Alternative approaches can and should be more effective at improving water quality than traditional

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State TMDL Innovations Initiative a More Sensible Way to Address Mercury

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vironment and that there was much the states and provinces could do to reduce in-region mercury pollution sources. It also noted that out-of-region sources were a significant contributor to mercury deposition in the area and would ultimately need to be addressed. More specifically, based on mid-1990s emission inventory data and deposition modeling, the report concluded that in-region sources were responsible for about 47% of the mercury deposited in the region, with the remaining 53% from sources located outside of the area:

Table 1

Contribution of Northeast Sources, Out-of Region U.S. Sources, and the Global Reservoir to Modeled Deposition in the Northeast (kg/yr.)¹

Sources Inside Region	3,787	47% ²
U.S. Sources Outside Region	2,419	30%
Global Reservoir	1,809	23%
Total Deposition	8,015	100%

- 1 Source: Northeast States and Eastern Canadian Provinces Mercury Study, A Framework for Action, Feb. 1998 (NESCAUM, NEWMOA, NEIWPC, EMAN).
- 2 Because of the substantial reductions in mercury emissions achieved in the region over the past few years, this fraction is now likely to be considerably lower.

Based on these findings, the Conference of New England Governors and Eastern Canadian Premiers concluded that concerted actions were needed to address mercury pollution in the region and directed their Committee on the Environment to develop a bi-national regional mercury action plan. In 1998, the region's governors and

premiers adopted the New England Governors and Eastern Canadian Premiers Mercury Ac-



tion Plan (NEG-ECP MAP). The seriousness of the issue to the region was evidenced by the unanimous endorsement of the NEG-ECP MAP by all the regions' top political leaders, including Republican, Democratic, and Independent governors and premiers representing three political affiliations in Canada.

The NEG-ECP MAP is a comprehensive and innovative policy approach to the mercury issue. The plan is comprehensive in nature, and includes 45 specific elements in six action areas that cross traditional media, programmatic, and political boundaries. The plan focuses on emission reductions; source reduction and waste management; outreach and education; research, analysis, and monitoring; and mercury stockpile management. A regional long-term goal of virtually eliminating anthropogenic mercury releases, with an interim 50% reduction target by 2003, was established. A 75% reduction goal was subsequently adopted for 2010. The plan established emission limits for major point sources and endorsed programs to reduce unnecessary mercury use in products and to increase collection and recycling of mercury-

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State TMDL Innovations Initiative a More Sensible Way to Address Mercury

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added products. To ensure accountability and facilitate adaptive management of the strategy, a regional task force was established to implement the plan, evaluate progress, develop implementation recommendations, and communicate to senior decision makers.

Through implementation of this plan the region has, to date, reduced mercury emissions by over 54% since the plan's inception. Efforts to further reduce releases continue. These substantial reductions represent a major step in lowering mercury inputs to the region's environment and will also reduce mercury deposition downwind. However, because of air transport, our regional efforts are unlikely to be sufficient to fully restore all mercury-impaired water bodies, which has raised serious questions among many states about the efficacy of existing federal EPA requirements on states to address impaired waters through the TMDL approach.

The alternative listing options are supported by the fact that these states, through the NEG-ECP Mercury Action Plan, have already committed to, and are achieving, maximum reductions of those sources over which the states have jurisdiction.

Total Maximum Daily Load Approach for Mercury—Analysis Paralysis?

In New England, and in many states across the country, mercury contamination of fish is the most common cause of water body impairment. The Clean Water Act requires states to assess impaired water bodies and develop plans to address the environmental insult responsible for the impairment. States must assess each impaired water body by first determining acceptable TMDLs of the offending pollutant(s) sufficiently low to restore the water body and

then develop a plan to reduce the inputs of the pollutant to meet the TMDL.

Because mercury is a multi-media pollutant that can be transported long distances in the atmosphere, many states have argued that a state-implemented, traditional TMDL is not an effective approach for this pollutant. In fact, the resource-intensive analyses required to derive TMDLs have in some situations had the paradoxical effect of inhibiting state programs to address the problem by diverting resources away from actions to reduce mercury sources. In some states mercury testing has even been impeded by concerns about the potential TMDL analysis burden that could result.

State Positions on Mercury TMDLs

The Environmental Council of the States (ECOS), the national, non-profit, non-partisan association of state and territorial environmental commissioners, has made a number of recommendations on this issue to EPA. Because of widespread concern about mercury pollution among ECOS members, in May 2001 a coalition of state environmental association leaders formed a multi-party state workgroup known as the Quicksilver Caucus to collaboratively develop approaches for reducing mercury in the environment. In addition to state participants, caucus members include ECOS, the Association of State and Territorial Solid Waste Management Officials (ASTSWMO), the State and Territorial Air Pollution Program Administrators (STAPPA), the Association of Local Air Pollution Control Officials (ALAPCO), the Association of State and Interstate Water Pollution Control Administrators (ASIWPCA), and the Association of State Drinking Water Administrators (ASDWA).

The Quicksilver Caucus has focused considerable effort on the TMDL issue, culminating

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State TMDL Innovations Initiative a More Sensible Way to Address Mercury

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in a report addressing the topic, *Elements for Developing a National Mercury Reduction Strategy to Achieve Water Quality Standards*, and two ECOS resolutions (resolution 01-14, “Need for Better Approach than TMDLs for Addressing Fish Consumption Advisories Due to Atmospheric Deposition of Mercury,” and resolution 02-07, “Need for National Mercury Strategy as an Option for Atmospheric Mercury Total Maximum Daily Loads”). These documents articulate views shared by many states on the inadequacy of the TMDL process for addressing mercury impaired water bodies.

Through these resolutions and other communications, ECOS has recommended that EPA consider alternatives to traditional water body-specific TMDLs for impaired water bodies primarily impacted by air deposition of mercury. ECOS also has urged EPA to develop a comprehensive national strategy to reduce mercury pollution to assure attainment of water quality standards.

Massachusetts, Rhode Island, and Maine TMDL Alternative Proposal

While awaiting a response from EPA on the ECOS recommendations, Massachusetts, Rhode Island, and Maine have developed a specific TMDL alternative proposal. This tri-state proposal, entitled *Mercury Impaired Water Bodies: Category 4 Mercury TMDL Alternative Regulatory Pathway Proposal*, is being submitted to EPA as part of the state 303(d) impaired waters list. In brief, the states are proposing alternative listing options for mercury impaired water bodies primarily impacted by air deposition.

The tri-state proposal is motivated by the states’ desire to avoid the diversion of scarce resources needed to comply with the traditional TMDL process away from the actual mercury reduction activities underway through the NEG–

ECP MAP. The proposal was developed under the EPA Innovations program and was recently submitted to EPA Region 1 for consideration. It was presented at the Innovation Action Council meeting in Washington, DC, in May 2004, and at the ECOS Quicksilver Caucus meeting in Minneapolis in July 2004, where it was positively received.

In light of the mercury reduction efforts underway, the states propose an alternative to the requirement for water body-specific TMDLs for lakes and ponds impacted primarily by air deposited mercury. Under this approach, these lakes and ponds would be assigned to category 4, either category 4B or a new category, 4D, created specifically for waters impaired by mercury attributable to air deposition. Water bodies would continue to be listed, highlighting the need for a national strategy, but water body-specific TMDLs would not be required as long as the states continue to effectively implement their regional and state mercury reduction strategies.

The alternative listing options are supported by the fact that these states, through the NEG–ECP MAP, have already committed to, and are achieving, maximum reductions of those sources over which the states have jurisdiction. The complex process of deriving water body-specific TMDLs would merely reinforce what is already evident—that comprehensive national and international strategies are needed to ensure compliance with water quality criteria for mercury.

Conclusion

Requiring water body-specific TMDLs for air-impacted water bodies makes little sense for states that are already taking aggressive actions to reduce mercury pollution. In New England, all jurisdictions are already taking steps to achieve maximum reduction of mercury pollution under the NEG–ECP MAP, state enforceable regulatory programs, and

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CLOSING THE INCENTIVE GAP—ON THE PERFORMANCE TRACK FOR ENVIRONMENTAL PROTECTION

BY STEPHEN L. JOHNSON

FINDING “A BETTER WAY” to protect public health and the environment is the mainstay of the Bush Administration’s vision for the U.S. Environmental Protection Agency (EPA). Building on the remarkable stewardship of the past 30 years, we are now faced with more complex and expensive challenges that require new approaches. What if, instead of relying solely on the traditional regulatory model of setting and enforcing standards, we devote more attention to creating incentives that reward those who go beyond compliance?

This concept prompted EPA to launch the National Environmental Performance Track in 2000. The results to date show that voluntary incentive programs can generate significant, tangible benefits for the environment. By working to meet their performance goals under Performance Track, member facilities have cumulatively conserved 3.1 trillion British Thermal Units (BTUs) of energy and 775 million gallons of water. They have reduced their use of hazardous materials by nearly 18,000 tons, and cut their generation of solid waste by more than 176,000 tons. Members also have preserved or restored 4,485 acres of habitat.

“People do more, and they do it faster, if they are given incentives to do what is in the public interest.”

—Mike Leavitt, Administrator, U.S. Environmental Protection Agency

Providing Value to State Regulators

I’m keenly aware of the resource constraints faced by state environmental agencies as they work to fulfill their mission. That’s why EPA is dedicated to working with states to coordinate our efforts to recognize and reward top environmental performers. We see many opportunities

for efficiencies between Performance Track and complementary performance-based programs at the state level.

Currently, 19 states offer performance-based environmental programs (see map). EPA’s national and regional Performance Track staff works with states to identify ways to coordinate incentives, applications, and reporting processes. The result? More efficient use of state and federal resources.

For example, Virginia facilities that are accepted into Performance Track can now be admitted into the Virginia Environmental Excellence Program (VEEP) simply by submitting a letter of request to Virginia Department of Environmental Quality (DEQ). Soon, Virginia facilities applying for Performance Track will be able to apply simultaneously to VEEP by clicking a checkbox on Performance Track’s online application.

VEEP and Performance Track have also consolidated their annual reporting and renewal processes. The data submitted to Performance Track will suffice for both programs, eliminating extra paperwork for members and significantly reducing the resources required for Virginia DEQ to administer VEEP.

The Texas Commission on Environmental Quality (TCEQ) has taken similar steps to align its performance-based programs—Clean Texas and Texas EMS—with EPA’s Performance Track. Facilities accepted as members at the Aligned Leader level are automatically accepted into Performance Track. TCEQ saw that partnering with EPA would simplify and unify the message to Texas facilities that are eli-



Stephen L. Johnson

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Closing the Incentive Gap—On the Performance Track for Environmental Protection

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gible for membership in both programs, while maximizing the incentives for good performance and reducing the resources needed to manage the programs.

EPA has signed Memoranda of Agreement with seven states to formalize our intention to work in tandem to recognize and reward top en-

By providing public recognition, regulatory flexibility, and streamlined reporting, these programs close the incentive gap to provide private and public facilities nationwide with a reason to go beyond compliance.

vironmental performers, and more agreements are in the works. Ultimately, we hope to create a network in which all 50 states have some system in place to treat strong environmental performers differently.

Performance Track's Incentives

EPA places all Performance Track facilities at a low priority for routine inspections, allowing the agency to focus its resources on inspecting facilities that may be more likely to violate standards. In April 2004, Administrator Leavitt signed the first Performance Track Rule, which gives Performance Track members the benefits of reduced reporting requirements and more operational flexibility for certain air and hazardous waste regulations. More rules are under development, all of which will provide increasingly attractive incentives for facilities to participate in Performance Track while at the same time enhancing the efficiency and effectiveness of EPA's oversight.

We believe that states can similarly benefit from adopting Performance Track's regulatory

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Performance Track at a Glance

EPA's National Environmental Performance Track is a voluntary program designed to encourage environmental excellence by providing public recognition, regulatory and administrative benefits, and other incentives to top environmental achievers. The program currently has more than 340 member facilities throughout the United States and Puerto Rico.

Membership Requirements

Applicants must have an independently certified Environmental Management System (EMS), a history of sustained compliance, a record of past environmental achievement, commitments to measurable future improvements, and a community outreach program. This fall, EPA will designate the

first corporate members. The new designation will recognize companies that have shown their commitment to Performance Track through multiple facility memberships and have demonstrated environmental excellence.

Benefits to Members

EPA publicly recognizes the achievements of Performance Track members, places them at a low priority for routine inspections, establishes incentives to reduce their regulatory or administrative burden, and creates opportunities for sharing best practices.

For More Information

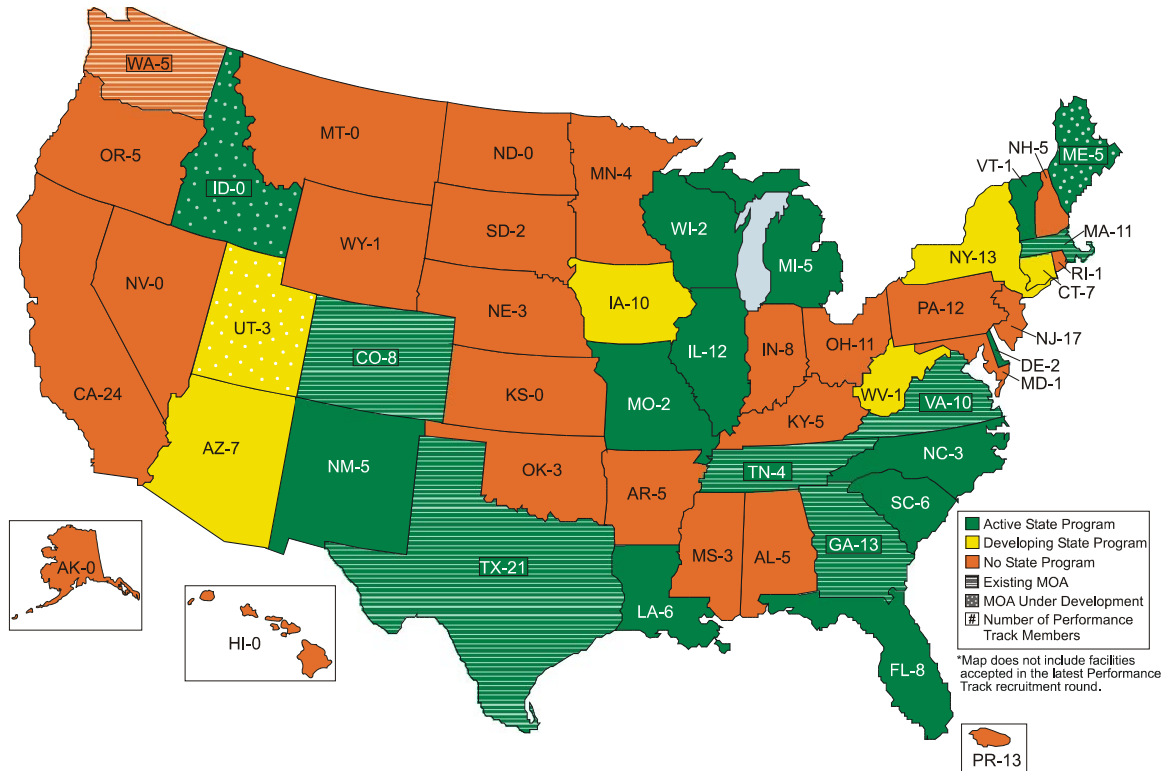
Visit www.epa.gov/performancetrack.



Closing the Incentive Gap—On the Performance Track for Environmental Protection

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Performance Track Membership and State Activity



and administrative incentives. For example, states that follow EPA's lead and place Performance Track members on a low priority for routine inspections can improve the cost-effectiveness of their own inspection programs. As more states agree to adopt EPA's regulatory incentives for Performance Track members, the program will become ever more attractive to eligible facilities, producing even stronger results, spurring more innovation, and yielding greater benefits for states, society, and the environment.

Working Together for Innovation

Performance Track and the state performance-based programs truly offer a new and better way to encourage outstanding environmental results. By providing public recognition, regulatory flexibility, and streamlined reporting, these programs close the incentive gap to

provide private and public facilities nationwide with a reason to go beyond compliance.

Please join us as we work toward fully implementing this very promising approach to environmental protection. If your state is developing or already implementing a performance-based recognition program, we'd like to help by sharing Performance Track's tools, research findings, systems, and most importantly, our experience. As you learn more about Performance Track and the complementary programs that many states are implementing, I am confident you'll share my enthusiasm.

Stephen L. Johnson is the deputy administrator of the U.S. Environmental Protection Agency. To speak with someone about Performance Track, please contact Eileen McGovern at (202) 566-2881 or call EPA's Performance Track Hotline at (888) 339-PTRK.



PENNSYLVANIA SETS SIGHTS ON SIP CREDIT FOR RENEWABLE PROJECTS

BY KATHLEEN A. MCGINTY

THE UNITED STATES HAS everything to gain and nothing to lose by re-focusing its priorities on indigenous energy resources. Our nation can realize significant environmental benefits, more jobs, greater economic security, and enhanced homeland security by investing in clean, efficient energy made right here in America. It is simply untrue that there is some kind of necessary tradeoff between a sustainable economy and the environment. Smart business enterprise already knows this, and government should become a natural ally of green business initiatives.

In Pennsylvania, Governor Edward G. Rendell is moving aggressively to put in place innovative approaches that harness these economic powers to help the state meet and exceed its environmental goals and achieve a substantially greater degree of energy independence. Among the initiatives in Pennsylvania is a proposal to identify renewable energy projects that would be eligible for State Implementation Plan (SIP) credit for emission reductions that result from such projects.

This SIP revision would reduce the number of allowances available under the state's market-based cap-and-trade program for nitrogen

industry in Pennsylvania already are purchasing and generating increasing amounts of alternative energy. Coupled with the retirement of NO_x allowances, however, Pennsylvania would realize even greater air quality and public health improvements. NO_x is a key component of smog, which causes breathing difficulties, scratchy throat, chest pain, headaches, and nausea for people with respiratory problems such as asthma, emphysema, and bronchitis.

Removing allowances from the market is a sure way to get generators to lower emissions. It also shifts our reliance from traditional fossil fuels to cleaner energy sources, such as biomass, wind, solar, and hydrogen. A diversified energy supply not only offers tremendous environmental benefits, but it also means greater economic security, more jobs, stronger communities and enhanced homeland security.

Pennsylvania's Environmental Quality Board was slated to consider this initial small-scale NO_x set-aside program for renewable energy as a final rulemaking in August 2004. In a subsequent rulemaking, this program will be expanded across Pennsylvania to provide a direct economic benefit to existing renewable energy providers while encouraging the implementation of more advanced technologies.

That means developing state-of-the-art coal gasification technologies that will fuel economic development and bring new hope and jobs to some especially hard hit parts of the state; tapping reserves of coal gas methane and reducing the release of greenhouse gases by turning nonmarketable mine gas into a usable energy source; boosting the rural economy by building biodigesters on farms; and enhancing the state's



Kathleen A. McGinty

Removing allowances from the market is a sure way to get generators to lower emissions. It also shifts our reliance from traditional fossil fuels to cleaner energy sources, such as biomass, wind, solar, and hydrogen.

oxide (NO_x). Entities that purchase or consume renewable power would either retire or donate their NO_x allowances for retirement to the Department of Environmental Protection (DEP), reducing air pollution while at the same time creating a market for clean energy sources.

State and local government facilities, individuals, organizations, institutions, and private in-

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reputation as a wind energy leader, with wind farm production capacity at 129 megawatts of electricity—enough to power almost 45,000 homes—and another 49 megawatts scheduled to come on line within the next year.

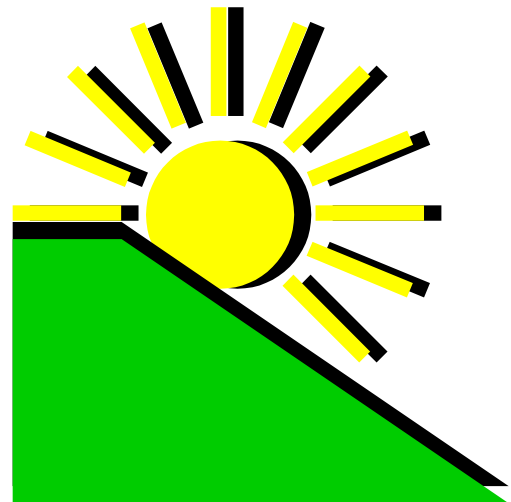
This and Other Programs Position Commonwealth as National Leader

All of this is part of a larger initiative to make Pennsylvania a national leader in the development and deployment of advanced energy technology. By launching the state's first-ever grant program to finance clean and renewable energy projects, the governor has attracted new investments to the state to help create the jobs we critically need while ensuring the highest standards of environmental protection. In just its first year, the Pennsylvania Energy Harvest grant program drew 139 applications worth \$45 million in funding to leverage \$96 million in private investment. A second \$5 million round was launched in April.

The governor also recently mobilized appreciable new funds that also can be put to work for energy in Pennsylvania. One new fund provides \$100 million for farm investments, including wind and biomass; a machine and equipment fund will pay for industrial energy projects; and investment guarantees and loans are now available for venture capital funds investing in Pennsylvania startups. In all, hundreds of millions in new energy investment opportunities are available in the Commonwealth.

This vision is creating excitement about our Commonwealth as an innovative, cutting-edge place to do business. To meet a growing demand, the state revitalized the Pennsylvania Energy Development Authority to provide financing to help build clean power plants. I chair this authority, and together with resources administered by a sister agency, the Department of Community and Economic Development, the state has up to \$900 million to offer in tax-free bond financing for projects built in Pennsylvania.

The Commonwealth also is using its own purchasing power to pioneer alternative energy sources and support the development of active markets for renewable energy, especially from indigenous resources. Pennsylvania is the first state to buy "green" for its own energy needs. We are at 10 percent and heading to 20 percent, a demand in the marketplace that has stimulated substantial new clean energy development. This can be attributed in large measure to Pennsylvania's distinction as leading all states east of the Mississippi in the deployment of wind energy.



Building on this leadership position, a new Advanced Energy Portfolio Standard will ensure that in 10 years, 10 percent of all of the energy generated in the Commonwealth will come from clean, efficient sources. A progressive portfolio standard will promote the clean utilization of the state's unique and diverse indigenous energy resources.

Cleaner energy has its own rewards. In the most recent federal Toxic Release Inventory, electric utilities reported 1.1 billion pounds in 2002, the second largest total behind the metal mining sector. That represents an increase of 37 million pounds, or 3.5 percent, over 2001, and includes an increase of 12 million pounds of air emissions alone. Renewable and advanced energy technologies will reduce these emissions and



Pennsylvania Sets Sights on SIP Credit for Renewable Projects

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help us clean the air, improve the environment, and enhance public health.

Clean Energy Stands to Curb Foreign Oil Dependence

Embracing clean energy also is critical to making us a leader in the debate over the issue of global warming. Ignoring the problem, as the administration in Washington has done, is no favor to the environment, American business, or economic security. Industries will be crushed by Asian and European companies that are out

Some states are exporting the equivalent of their entire state budget every year for foreign oil. That has to change.

front on this critical issue, writing the rules and creating the tools to reduce greenhouse gases. Inaction is a costly failure.

The greatness of this nation lies in its independence, not dependence. Indigenous energy development has a multiplier effect in local and regional economies that can yield greater economic benefits than the value derived from imported oil. Yet, energy imports account for 26.5 percent of the nation's nearly half-trillion dollar foreign trade

deficit—\$489.4 billion in 2002, up \$71.3 billion from the previous year. Some states are exporting the equivalent of their entire state budget every year for foreign oil. That has to change.

With rising imported fuel prices and recent record-high oil and natural gas prices, opportunities abound to explore new energy technologies that only a few years ago might not have been cost-competitive. Even as the current administration in Washington implements federal rollbacks that take our country in exactly the wrong direction, there is hope for a better energy future—and keeping energy dollars at home is the critical first step.

Just as America's energy past is grounded right here in Pennsylvania, so too is the nation's energy future. It is time for America to move away from its already dangerous dependence on foreign oil by investing in indigenous energy sources and advanced energy technologies that have the potential to stimulate our economy, create good-paying jobs for Americans, strengthen environmental protections, and enhance the nation's homeland security. It's a wise investment that makes us safer at home and less vulnerable abroad.

Kathleen A. McGinty is secretary of the Pennsylvania Department of Environmental Protection.

State TMDL Innovations Initiative a More Sensible Way to Address Mercury

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related voluntary efforts. In most cases these efforts go well beyond federal requirements and represent a sufficiently "high bar" to warrant category 4 consideration. Substantial reductions in mercury pollution have been, and will continue to be, achieved. The region has already exceeded its goal of 50% mercury reduction in 2003, will most likely exceed its goal of 75% reduction by 2010, and is committed to the ultimate goal of virtual elimination. These reductions will assure substantial im-

provements in local mercury loadings to water bodies and provide reasonable assurance that water quality standards would be met in the future if appropriate national actions were taken to ensure mercury reductions from out-of-region sources.

Arleen O'Donnell is deputy commissioner of Massachusetts Department of Environmental Protection. Mark Smith, Ph.D., is deputy director of the DEP's Office of Research and Standards.



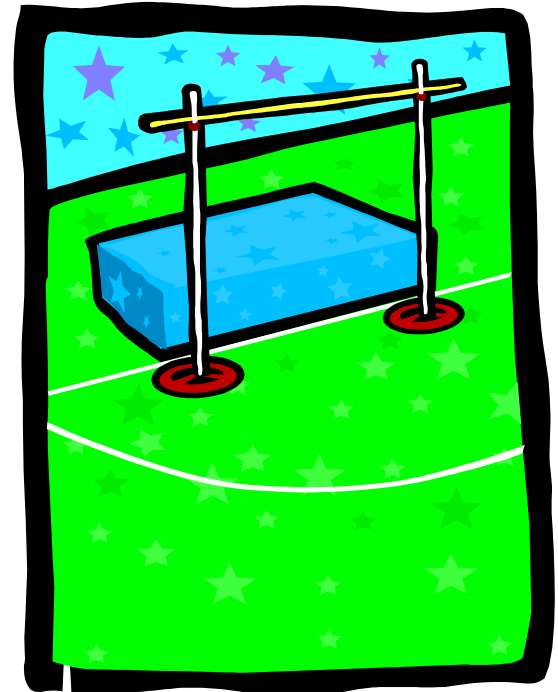
REWARDING TOP PERFORMERS—THE ECOS NATIONAL ENVIRONMENTAL RESULTS INITIATIVE

BY NATALIE ROY

WHEN EPA ADMINISTRATOR **MIKE** Leavitt unveiled the Administration's FY 2005 budget for the agency, ECOS members were pleasantly surprised to learn it included \$23 million for a performance-based state and tribal environmental program. While ECOS lauded the introduction of this new effort, there was also recognition that the program needed to be better defined and publicized in order to get the support needed on Capitol Hill to make it a reality. As a result, ECOS took action. At the 2004 ECOS Spring Meeting in Hot Springs, Arkansas, the organization passed a resolution, vetted through the Planning Committee, strongly endorsing and promoting this effort.

The resolution emphasized that ECOS has long been a proponent of making "long-term investments in joint EPA-state efforts to develop a better outcome-based performance measurement system focusing on environmental results." The resolution went on to say that in the wake of shrinking state budgets and the need for greater flexibility to achieve results, ECOS endorses this new \$23 million state and tribal environmental performance grants program. The resolution also requested that EPA work

mental goals and tangible measures of success. There have also been considerable energies spent on working to address environmental problems across media. This state and tribal environmental results initiative would build on these past



The centerpiece of this newly unveiled endeavor—the National Environmental Results Initiative (NERI)—is to make investments in state environmental agencies that are poised to move promising approaches from drawing boards and pilot programs into production.

closely with the states in developing the criteria and parameters for the program.

The states and EPA have long worked together to improve, measure, and document the results of environmental programs. EPA and the states have made investments in creating a joint strategic planning process with shared environ-

efforts and raise them to the next level.

Immediately following passage of the resolution, a small, committed task force of ECOS members, spearheaded by Cross Media Committee Vice Chair Arleen O'Donnell of Massachusetts and Planning Committee Vice Chair Leah Ann Lamb of Utah, pooled its collective expertise and creative ideas to map a blueprint for the workings of an outcome-based program.

This drafting exercise resulted in a framework outlining the essential elements necessary to develop and launch the President's environmental results initiative. The unique effort, as envisioned by state environmental leaders, would establish for the first time a major national program for states and tribes, dedicated to the following guiding principles: outcome-

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Rewarding Top Performers—the ECOS National Environmental Results Initiative

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based environmental results and multi-media (air, water, and land) approaches.

NERI at the Heart of Endeavor

The centerpiece of this newly unveiled endeavor—the National Environmental Results Initiative (NERI)—is to make investments in state environmental agencies that are poised to move promising approaches from drawing boards and pilot programs into production. The program would provide cutting edge programs the opportunity to demonstrate environmental performance and communicate environmental progress to a larger public audience.

Specifically, the new performance-based grant appropriation is dedicated as start-up capital to support implementation of state programs that

Criteria to allocate funds and ensure results and accountability for the grant program would be developed by EPA with input from states, and would include requirements for environmental performance measurement.

incorporate innovation, measurement, and above all else, positive environmental results. Under this program, NERI projects would be solicited in the four categories listed below. All four categories would incorporate environmental monitoring, data gathering, and measurement to assess performance. NERI should be considered particularly worthwhile since it fits into national environmental goals and objectives by filling the crucial need for more outcome-based, measurable results.

Categories of Funding

Environmental Results through Partnerships: This covers work with businesses, non-governmental organizations, and communities to pursue alternative means of compliance and

performance through such initiatives as pollution prevention, changes in processes, product stewardship, technical and compliance assistance, sustainable development efforts, recycling, and pollution trading. States experience different problems that do not always lend themselves to federal approaches, but for which multi-stakeholder partnerships are needed to solve the problems. Funds would support the launch of innovative programs that have the dual benefit of addressing a previously unaddressed concern involving a myriad of interested parties. Examples include outreach and support to rural areas such as the Charles River report card in Massachusetts.

Geographic/Ecosystem Initiatives: These initiatives address complex environmental problems in a distinguishable region or critical habitat of particular interest to the general public. There are large-scale models such as the Chesapeake Bay Initiative and Great Lakes Restoration efforts, as well as other projects focusing on smaller regions in which problem, action, and performance can be aligned by virtue of the geographic association. Defining a problem geographically is more likely to address cause-and-effect relationships and get to the heart of the problem. Proposals for Community Actions for a Renewed Environment (CARE) initiatives would also be eligible for funding. These projects could be multi-state regional grants as well as single state initiatives focusing on unique ecosystems.

Improving Regulatory Program Performance: Such initiatives explore alternative regulatory pathways and improve the effectiveness and efficiency of existing programs. Initiatives could include those that change the regulatory structure to provide greater efficiency for government as well as improved compliance and performance. Projects could also involve minor or major changes in the way existing programs are executed to increase the

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Rewarding Top Performers—the ECOS National Environmental Results Initiative

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return on investment. Examples include the Environmental Results Program in Massachusetts and in other states.

Other: States can propose other creative initiatives that don't necessarily fit into one of the above categories but are also targeted at reducing pollution, implementing a multi-media, cross-program approach, and measuring environmental results.

Criteria to allocate funds and ensure results and accountability for the grant program would be developed by EPA with input from states, and would include requirements for environmental performance measurement.

In addition to crafting a program blueprint, ECOS also compiled a list of state examples of projects and initiatives that could be expanded and built upon under a program of this type. This background document is continually being expanded so that there is a current and comprehensive list of innovative projects underway across the country.

Status

ECOS sent educational and promotional materials on the new prospective program to Members of Congress in June. To supplement the materials, ECOS staff visited with a few key staff members of the Senate and House Appropriations Committees.

While there appears to be general support for the initiative on Capitol Hill, it is clear that NERI will be a tough sell this year in light of fiscal constraints for EPA as well as for all federal and state agencies.

In July, the House Appropriations Committee cut the entire \$23 million environmental results initiative from the '05 budget. The Senate has yet to finish its appropriations work on EPA funding and will take it up following its return from the August recess. ECOS will continue to promote the effort and make Members of Congress aware of the need to fund critical innovative environmental programs such as NERI.

Natalie Roy is deputy director of ECOS.

Cross Media Committee Makes Strides under Joint Workplan with EPA

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agreed to bring resolution to such concerns. As envisioned, the entire process would not exceed 90 days. The IAC was slated to begin testing the newly developed process in late August, and several states were to present their cases to the subcommittee on August 30. Results and the pilot will be reported to both ECOS and the IAC at their upcoming meetings.

A related project included in the joint workplan that is primarily the responsibility of EPA is referred to as "Managing the Full Cycle of Innovation." Based on discussions related to the "unsticking" issue, participants cited a need to revitalize the entire innovations process because unfamiliarity with or misunderstanding of the agreement may have become a barrier to innovation in and of itself. Specific steps to be taken to improve the innovation process include promoting the integration of

innovation into Performance Partnership Agreements; revitalizing the agreement through the distribution of fact sheets and other information; conducting better tracking, evaluation, scale-up, and communication of successful innovative projects; and identifying additional funding sources for state innovations projects.

The CMC co-chairs are sitting members of the IAC. Dave Paylor and Arleen O'Donnell will be reporting on the progress of these initiatives at the October ECOS meeting and will participate in an evaluation of the process at the October IAC meeting. They welcome any feedback, questions, and suggestions.

David Paylor is the deputy secretary of natural resources in the Office of the Governor. He chairs the ECOS Cross Media Committee.



BEYOND SIPs—LOCAL SUSTAINABILITY EFFORTS IN THE CAROLINAS

BY TOM CODA

LIKE MANY AREAS IN the Southeast, the Charlotte, North Carolina/Rock Hill, South Carolina region is a highly desirable area to live. Over the past several years, the region has grown rapidly as people flock there for its desirable climate and strong economy. Also, like many fast-growing regions, the area faces challenges associated with unprecedented growth—sprawl, congestion, air and water quality problems, and concern about future quality of life.

To address these concerns, leaders from across the region are working together to actively determine the future quality of their region. The Sustainable Environment for Quality of Life program, or SEQL, was designed to bring together environmental, business, and community stakeholders in a process of integrated planning. The project area includes 15 counties populated by 2.1 million people and encompassing more than 100 political jurisdictions in two states. Administered by Centralina Council of Governments in North Carolina and the Catawba Regional Council of Governments in South Carolina, SEQL is one of the first integrated environmental planning strategies in the nation dealing with air quality, sustainable growth, and water resource issues.

This initial process began 2000 under the leadership of Charlotte Mayor Pat McCrory and past Mecklenburg County Board Chairman

SEQL is one of the first integrated environmental planning strategies in the nation dealing with air quality, sustainable growth, and water resource issues.

Parks Helms. The city received a \$100,000 EPA grant for a Sustainability Demonstration Project to bring together 26 of the region's chief elected officials to learn about air quality, water resource, and land-use issues. The group developed and rec-

ommended “toolbox commitment action items” relating to air, water, and land-use measures for implementation across the region.

In the spring of 2002, U.S. EPA approached Charlotte regional and local governments about expanding this partnership to develop a more



Through integrated planning, the Charlotte region wants to maintain its desirable quality of life and protect its air and water resources while continuing to grow.

integrated strategy and refined tools to address air quality, other environmental issues, transportation, land-use planning, energy, and economic development. Later that year, EPA Administrator Christine Todd Whitman visited Charlotte to celebrate the closure of the Sustainability Demonstration Project and to announce EPA's continued partnership with the regional governments of the Charlotte/Gastonia/Rock Hill metro area within the SEQL project. The new project also expands the number of participating jurisdic-

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tions from 26 to over 75. EPA has continued to fund SEQL to provide a demonstration of integrated local and regional planning. In addition to lending technical support, the North Carolina and South Carolina air offices serve on a management advisory group that provides direction and guidance to the project.

SEQL Offers a Menu of Options

The program is working to enhance local and regional decision-making through the development and implementation of action items relating to air quality, sustainable growth, and water resources. This active cooperation has included region-wide agreement to adopt a range

EPA's Office of Air Quality Planning and Standards has seeded SEQL through grants in hopes that it will serve as a pilot for other areas across the country to embark on similar integrated efforts.

of environmental measures for air and water quality and land use. Leaders are also working together to develop an integrated approach to regional planning.

Centralina chairman Leda Belk says that SEQL offers a menu or buffet of choices, so each community can pick a project that best fits. "This is one of the first times in the country that so many jurisdictions have come together to try and make a difference in the environment," says Belk. "And by not using a 'one-size-fits-all' approach, communities can do what works for them."

One of the projects that SEQL has near the top of the menu is retrofitting buses and other diesel engines with new catalytic converters that will greatly reduce harmful emissions. This spring, Rowan County commissioners agreed to designate \$40,000 as matching funds to put converters on older model buses used by the Rowan-Salisbury Schools. Other menu projects include planting trees and installing greenways. The City

of Charlotte, for example, recently has revised its tree-planting standards and ordered police to crack down on smoking vehicles. Another town, Huntersville, rezoned much of its jurisdiction to focus higher density development in an urban core. The Town of Davidson took steps to protect open space and is joining Huntersville and Cornelius in a study of the main transportation corridor connecting the two towns. In South Carolina, the City of Rock Hill adopted a Trails and Greenway Master Plan defining a comprehensive system of trails and greenways. York County is in the process of adopting a revised 2025 Comprehensive Plan that addresses Transfer of Development Rights, Adequate Public Facilities Ordinance, and Urban Services Boundaries. To date, over 65 jurisdictions have agreed to participate in SEQL, and have taken, or have in progress, a cumulative total of almost 500 positive environmental actions.

Chambers of Commerce have also become involved. Several chambers jointly hosted an "Air Expo" in South Iredell, and both the Gaston and Lincoln chambers have featured SEQL at their events. Partnerships with the environmental community, such as the Carolinas Clean Air Coalition, have resulted in a training session for meteorologists on ozone education and discussion of implementing environmental reviews on developments of regional impact. In South Carolina, the Energy Resource Center at York Technical College hosted an Energy Expo, and plans are in the works with local Chambers of Commerce to host an "Air Expo" in conjunction with Ozone Kickoff Season next spring.

The region's goal is to include environmental impacts in local and regional planning and decision-making processes through development of a tool for coordinated, integrated planning on both a local and regional basis. The planning will enable the area's leaders to evaluate future scenarios for the region that reflect choices they want to make on a host of environmental and quality of life factors affecting the region.



USING SUPPLEMENTAL ENVIRONMENTAL PROJECTS FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY PROJECTS

BY ROYA STANLEY

ON THE OCCASIONS WHEN environmental laws have been violated and penalties must be enforced, an opportunity exists to not only restore environmental compliance, but to achieve a greater level of environmental benefits. In lieu of simply paying a fine for violations, offending entities can opt to invest a portion of the redress in a project that benefits the environment, thereby supporting environmental quality. This is the premise behind supplemental environmental projects (SEPs). SEPs were first established over 20 years ago in recognition that the environment did not benefit when an entity in violation simply wrote a check for a fine. Many SEPs have been completed over the last 20 years, but only recently have SEPs been directed to renewable energy and energy efficiency.

Renewable energy and energy efficiency technologies and projects are excellent candidates for SEPs because these projects can immediately result in reduced emissions as compared to those generated from traditional fossil fuels. In addition to producing an immediate environmental impact, projects funded with SEPs can help to demonstrate that renewable energy and energy efficiency technology works and can deliver quantifiable environmental results.

Many SEPs have been completed over the last 20 years, but only recently have SEPs been directed to renewable energy and energy efficiency.

State SEP Policies

Most states have SEP policies closely paralleling the federal SEP policy. One key criterion—nexus—can be interpreted broadly across media. For example, a violation of clean water

standards could be settled with a clean energy project in which most measurable impacts are on the ambient air. This policy recognizes that in



The Colorado SEP supports emission-free wind power. Pictured here is the Ponnequin Wind Farm in Colorado.

many cases air impacts ultimately impact water quality. To further the point, mercury emissions from industrial operations and power plants are found in water.

Some state policies may include additional requirements, and some state law directs penalties to certain funds, which limits the opportunity for SEPs. For example, some states have stringent policies requiring dedication of penalty funds to the area in which the violation occurred and, in some instances, to school districts. Sometimes these provisions are embedded in state constitutions, making them immutable as

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Using Supplemental Environmental Projects for Renewable Energy and Energy Efficiency Projects

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a practical matter. While such policies can limit the universe of feasible SEP projects, there are still projects that meet state policies and can be used as SEPs. For example, in states that direct violation funds to schools, schools could choose to install photovoltaics (solar cells), wind, or energy efficiency with a portion of the funding.

Renewable Energy SEPs in Action

❖ When a Denver company violated pollution limits in Colorado, company officials worked with the state government to develop a SEP. As a result, the company is purchasing wind energy for at least five years. This project eliminates the need to burn 1,820 tons of coal and avoids the emission of 97 tons of nitrogen oxides (NO_x), 73 tons of sulfur dioxide (SO₂), and 3,640 tons carbon dioxide (CO₂), thereby improving the state's air quality level equal to planting more than 1,000 acres of trees. For more information about this project, see the NREL fact sheet

The state of Colorado turns to the StEPP Foundation (a non-profit organization designed to serve nationally) to implement and manage energy efficiency and renewable energy projects selected by the defendant with state approval.

“Supplemental Environmental Projects Using Renewable Energy: A New Approach to Addressing Air Quality Violation Penalties” (<http://www.nrel.gov/docs/fy01osti/29661.pdf>).

❖ In Utah, as part of its settlement with EPA for violations of the Clean Air Act that caused excess emissions of NO_x and SO₂, a company agreed to provide funding for additional wind turbines for the Utah Blue Sky Pro-

gram. This allows the program to provide more electricity generated by wind power, thereby reducing the generation needs from traditional power plants.

❖ The state of Colorado turns to the StEPP Foundation (a non-profit organization designed to serve nationally) to implement and manage energy efficiency and renewable energy projects selected by the defendant with state approval or to match those funds to project proposals that are maintained in a database. By providing support for expert review of project proposals, StEPP offers a service to busy environmental regulators who otherwise might not have the time, resources, or expertise to solicit, evaluate, and oversee energy projects on their own. Projects funded have ranged from energy efficiency in schools to photovoltaic installations in migrant housing. Colorado is currently evaluating another project through the StEPP Foundation. This project would direct SEP funds to be used in an ozone non-attainment area to create an initiative designed to support a number of strategies including the adoption of alternative fuels. For more information about StEPP, visit <http://www.stepfoundation.org/main.htm>.

❖ Virginia Electric Power Company (VEPCO) will contribute \$13.9 million to a SEP for projects that include installing photovoltaics on municipal buildings and providing alternative-fueled vehicles for use in Shenandoah National Park.

❖ As a result of a recent settlement, South Carolina Public Service Authority will contribute \$4.5 million in a SEP to finance projects including: \$1 million for an energy efficient technologies project, \$1 million for a demand-side management project, \$1 million for a clean diesel school bus project, and \$250,000 to implement an environmental management system.

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Using Supplemental Environmental Projects for Renewable Energy and Energy Efficiency Projects

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Getting the Information to Help Create SEPs

Recognizing that SEP settlement negotiations are typically conducted by attorneys who neither specialize in nor have the time to research energy alternatives, resources have been made available to assist with project creation, including information about project costs and environmental benefits. U.S. EPA has created a list of potential projects which can be found at www.epa.gov/idea/otis/index.html. It also has developed a SEP Toolkit that offers detailed information on SEP implementation, available from the State And Local Capacity Building Branch (diem.art@epa.gov). The Department of Energy regional offices can be contacted for assistance (<http://www.eere.energy.gov/regions/>), and the DOE regional offices have access to technical experts at the National Renewable Energy Laboratory. State energy offices can offer assistance

with project development and implementation. To find your state energy office director, visit www.naseo.org. In addition, third-party entities such as the StEPP Foundation described above can provide assistance, and more information on StEPP is available at <http://www.steppfoundation.org/main.htm>.

Roya Stanley manages the State and Local Initiatives Group for the National Renewable Energy Laboratory (NREL) in Golden, Colorado. The State and Local Initiatives Group provides a bridge between state and local governments and the researchers at NREL. The group also works closely with Department of Energy regional offices. Prior to moving to Colorado, Roya worked for the Iowa Department of Natural Resources for 18 years in a number of roles, including serving as Iowa's ECOS representative and as the state's energy bureau chief. For more information, Roya can be contacted at roya_stanley@nrel.gov or (303) 275-3057.

Beyond SIPs—Local Sustainability Efforts in the Carolinas

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Program Seen as Nationwide Model

EPA's Office of Air Quality Planning and Standards has seeded SEQL through grants in hopes that it will serve as a pilot for other areas across the country to embark on similar integrated efforts. The SEQL region won a Clean Air Excellence Award this year from the EPA.

The states of North and South Carolina are actively supporting the effort with air quality and water quality data to support the integrated decision tool in the region. "We know those at the local level can influence voluntary activities and land-use decisions that go beyond federal and state regulatory measures," says Sheila Holman, North Carolina's air quality planning chief. "With tighter air quality standards, these

local efforts become even more important. The state wants to support local education and outreach activities and ensure locals have the data they need to support these local efforts"

Over the next couple of years, the SEQL region will transition to local funding sources, as EPA's grants will expire. While there are other metropolitan areas with sustainability initiatives, the SEQL effort is one of the most ambitious, trying to integrate efforts for air and water quality improvement with other quality of life elements in two states.

Tom Coda is an EPA employee currently assigned to the North Carolina Department of Environment and Natural Resources to coordinate the SEQL project. For more information on SEQL, visit www.seql.org.



CLEAN TEXAS, CLEANER WORLD—PARTNERSHIPS FOR SUSTAINABILITY

BY KEN ZARKER

IN 1992, THE TEXAS Commission on Environmental Quality (TCEQ) developed Clean Texas 2000 as a way of recognizing the efforts of cities and industries voluntarily reducing waste generation and Toxics Release Inventory (TRI) emissions. The commission has encouraged organizations to take a creative, beyond compliance approach to meeting environmental challenges and reducing adverse impact. Hundreds of organizations met a 50% waste and TRI emission reduction goal over a twelve-year period. As members reached their goals and sought new challenges, Clean Texas was transformed into a program that focused on a broader range of regional environmental issues and encouraged environmental management systems (EMSs) as a means to meet those commitments.

In December 2001, *Clean Texas, Cleaner World* was strengthened by incorporating the Texas EMS program into its top two tiers. These two tiers—"Certified Lone Star Leader" and "National Leader"—are outlined in legislation to provide regulatory incentives to encourage the use of performance-based EMSs and to integrate EMSs into the agency's regulatory programs including permitting, compliance as-

- ❖ Implementing a performance-based EMS;
- ❖ Initiating stakeholder involvement activities;
- ❖ Committing to community environmental projects; and
- ❖ Promoting *Clean Texas, Cleaner World* to their community, supply chain, and customers.



The result is a program that promotes sustainability, community-based environmental performance, and partnerships at all levels. Through partnerships, communities can address issues and share resources to meet the challenges they face. Partnerships provide another tool beyond regulation to help them meet their environmental goals.

The result is a program that promotes sustainability, community-based environmental performance, and partnerships at all levels.

sistance, and enforcement. *Clean Texas, Cleaner World* also offers two other levels—"Partner" and "Advocate."

As a result, individual members at the various levels commit to activities including:

- ❖ Setting beyond compliance environmental performance goals (consistent with the Global Reporting Initiative and National Environmental Performance Track reporting);

Partnering with EPA

Texas was the first state to sign a Memorandum of Agreement with the U.S. EPA to formalize the partnership between the state and federal environmental leadership programs. The landmark agreement between *Clean Texas, Cleaner World* and the National Environmental Performance Track program has provided both greater benefits to members and created a platform to share resources and experiences between the two environmental agencies.

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The Dallas Experience

Several *Clean Texas, Cleaner World* members in the Dallas area understand both the value of partnerships in achieving a cleaner

and healthier environment and the role of a strong economy in meeting environmental goals. Sustainable Dallas (www.sustainabledallas.org), a local nonprofit organization and a

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Clean Texas, Cleaner World—a statewide environmental leadership program of the TCEQ—helps all types of organizations produce real environmental improvements, such as reducing air emissions, improving water quality, preventing pollution, and improving compliance. The program consists of four levels—Advocate, Partner, Certified Lone Star Leader, and Certified National Leader.

Membership Levels

The Advocate level is for community and school groups, trade associations, nonprofits, and other organizations that support the program through marketing, outreach, training, and recruitment. Advocates commit to:

- ❖ Promoting the program and its member activities; and
- ❖ Providing support for community environmental outreach programs.

Members at the Partner level make a greater commitment to specific environmental improvement goals within their organizations. Partners must meet certain compliance standards and commit to:

- ❖ Measurable environmental improvement goals;
- ❖ Internal environmental training and awareness programs; and
- ❖ Community environmental outreach programs.

Certified Lone Star Leader and National Leader levels are site-specific designations requiring the implementation of a performance-based EMS. National Leaders have additional requirements for environmental performance,

stakeholder involvement, and community environmental outreach programs. The National Leader level is also tied to the EPA's National Environmental Performance Track program and provides *federal* recognition and incentives through a Memorandum of Agreement and a detailed work plan with EPA.

At both Leader levels, performance is expected in three areas: maintaining or enhancing compliance, controlling and/or reducing environmental liability, and reducing pollution beyond that required by rule. Performance is evaluated through an on-site EMS audit using the TCEQ's *EMS Audit Protocols*.

Real Improvements Mean Real Rewards

Members of the program are offered both support and rewards for their commitments. All members receive:

- ❖ Recognition;
- ❖ Networking and partnership opportunities; and
- ❖ Technical, program, and outreach assistance.

Regulatory incentives are also built into the program. All members are eligible for compliance history adjustments and penalty reductions. Lone Star and National Leaders are also offered additional state and federal regulatory incentives such as exemption from source reduction and waste minimization planning, low inspection priority for EPA inspections and reduced state inspection frequency, reduced MACT reporting, and extended hazardous waste storage time.

Clean Texas, Cleaner World Advocate, promotes sustainability awareness and encourages individuals and corporations to become active in improving the region's environmental and economic health.

In 1999, Sustainable Dallas held the first regional sustainability conference. For four years, the Sustainable Dallas conference has successfully attracted attendees from throughout the Dallas–Fort Worth Metroplex and across Texas with recognized speakers such as Amory Lovins, Ray Anderson, and Dr. Joseph Romm. The first conference also displayed an early Toyota Prius hybrid vehicle, inspiring the

Dallas has partnered with the TCEQ to implement performance-based EMSs at its landfill, airport, and Department of Equipment and Building Services.

City of Dallas to increase the number of clean vehicles in its fleet. Hybrids or alternative fuel vehicles now make up over 175 vehicles—or 20 percent—of the city's fleet. In addition, the City of Dallas is implementing a program to convert diesel equipment to biodiesel and Texas Low Emission Diesel.

In 2004, Sustainable Dallas took a direct approach to creating a sustainable future for Dallas by engaging community leaders. Sustainable Dallas provided fellowships for four local policy and academic leaders to attend a week-long sustainability workshop at the University of Virginia, Darden School of Business. The four fellowship recipients, including a City of Dallas Assistant City Manager, Dallas' Interim Director of Environment, and two professors from Southern Methodist University, already have begun implementing what they learned.

Romero Lopez, the City of Dallas' interim director of environment, attended the course at the Darden School. "It gave us a chance to network with the experts and see first-hand the

impact of sustainability and how it can improve our processes and be profitable," says Mr. Lopez. The training inspired him to rethink the city's entire management approach.

Dallas has embraced sustainability and sees great value in the partnership with Sustainable Dallas, the *Clean Texas, Cleaner World* program, and other local organizations. In recent years, Dallas has adopted a green purchasing policy and a Green Building and Leadership in Energy and Environmental Design (LEEDS) policy to help meet its goals. In addition, Dallas is committed to implementing EMSs as a tool to help improve the environmental performance of city operations. Dallas has partnered with the TCEQ to implement performance-based EMSs at its landfill, airport, and Department of Equipment and Building Services.

Margie Haley, co-chair of Sustainable Dallas, is encouraged by the success of these activities. She sees the group's role as one of a coach and bridge-builder. Ms. Haley cites a need for strong participation by the business community and municipalities.

Spreading the Word

The partnership between the City of Dallas, Sustainable Dallas, and *Clean Texas, Cleaner World* is just one of many partnerships that are occurring throughout the state. "Learning from this model and taking the lessons learned to other communities facing similar challenges is one of the tools we have to improve the environment in a very cost-effective manner," reports Larissa Peter, *Clean Texas, Cleaner World* coordinator.

Ken Zarker is section manager for pollution prevention and industry assistance with the Texas Commission on Environmental Quality. Rob Borowski and Larissa Peter of the TCEQ contributed to the article. For more information about the program, visit www.cleantexas.org or www.about-texasems.org.



NORTH CAROLINA RECOGNITION PROGRAM PROMOTES POLLUTION PREVENTION

BY LISA GROSSHANDLER

THE NORTH CAROLINA DEPARTMENT of Environment and Natural Resources (DENR) launched the Environmental Stewardship Initiative (ESI) in 2002 as a voluntary program designed to promote and encourage superior environmental performance. The ESI establishes incentives to encourage business, industry, government agencies, and nonprofits to develop and implement programs that use pollution prevention and other innovative approaches to meet and exceed their regulatory requirements. This program seeks to reduce the impact on the environment beyond measures required by any permit or rule, producing a better environment and a stronger economy and conserving natural resources. The ESI is similar in some elements to the U.S. EPA's National Environmental Performance Track, a federal program designed to recognize top environmental performance among participating U.S. facilities.

The ESI establishes incentives to encourage business, industry, government agencies, and nonprofits to develop and implement programs that use pollution prevention and other innovative approaches to meet and exceed their regulatory requirements.

The Program's Tiers

Any regulated organization that operates a facility in North Carolina is eligible to participate in the initiative. "Steward" applications are accepted once a year with a decision made in late fall following a site verification visit and an Advisory Workgroup recommendation. For those organizations interested in becoming a "Partner" or "Rising Steward," applications are accepted at any time and are reviewed on a semi-annual



North Carolina DENR Secretary Willam G. Ross, Jr., presents the Environmental Steward award to Kazunobu Ageishi, President of AMSO North America, who accepted the award on behalf of AMSO North Carolina, Inc., of Statesville.

basis. DENR provides technical assistance to all participants as well as a single point of contact regarding regulatory issues. Participating organizations at all levels commit to environmental compliance and must report annually on progress towards environmental performance goals.

The Partner level is the entry level to the program and is designed for organizations that are interested in beginning the process of developing a systematic approach to improving their environmental performance. Partners must commit to developing an environmental management system (EMS) and to setting environmental performance goals.

The middle tier—or Rising Steward—level is designed for those organizations that have a mature environmental management program. Rising Stewards must commit to have an EMS in place and must set aggressive environmental performance goals.

The Steward level is for those organizations that already display a commitment to exemplary environmental performance beyond

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North Carolina Recognition Program Promotes Pollution Prevention

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what is required by law. Stewards must set aggressive environmental performance goals, demonstrate integration of their EMS into core business functions, and have a process for communicating with the local community. Stewards receive formal public recognition from the governor and the secretary of DENR, use of a program logo, participation in the Environmental Stewardship Forum, priority membership on the Advisory Workgroup, and consideration for regulatory innovations. The Steward level is the highest level of recognition and is reserved for those organizations that have demonstrated and pledge a continuing commitment to achieving high environmental performance.

The ESI Selection Process

Following receipt of an application, the DENR Internal Workgroup provides a compliance review of all applicants. This body comprises DENR's regulatory programs and provides compliance review and input into program development.

The Advisory Workgroup is a unique element of North Carolina's program and contributes to the program's success by providing broad input and review.

All facilities applying at the Steward level receive an on-site verification visit from DENR. A verification visit is an intensive facility walk-through to determine the existence of a functioning environmental management system (EMS), verify application materials, and gather observations in support of ESI program goals. The on-site agenda includes interviews with top management, the EMS representative, the environmental manager, and general personnel. The agenda includes a tour of the operations. If the facility is not third-party ISO 14001 certified, an EMS equivalency review is performed.

After completion of a verification visit, a report is written and shared with the ESI Advisory Workgroup and the facility. The 11-member Advisory Workgroup is appointed by DENR Secretary William G. Ross and recommends facility participation, additional program benefits, and program changes. Membership consists of individuals from manufacturers, industries, industry trade groups, environmental and citizen non-governmental organizations, public agencies, military bases, universities, and small businesses. Upon completion of a rigorous review by members of the workgroup, a recommendation is forwarded to DENR's secretary for consideration. The Advisory Workgroup is a unique element of North Carolina's program and contributes to the program's success by providing broad input and review.

To date, only two organizations have been awarded the title of Environmental Steward—Novozymes North America, Inc. of Franklinton and ASMO North Carolina, Inc. of Statesville. Both facilities were recognized for their environmentally proactive actions and for having a thoroughly defined plan and goals regarding day-to-day dealings with possible environmental impacts.

Conclusion

Interest and support for the ESI program continues to grow. "We're looking to recognize companies that integrate the environment into their day-to-day business practices," says DENR Secretary Ross. "We view companies that seek to go beyond compliance and move toward environmental sustainability as true stewards who know that in return these practices save money, materials, and resources."

Lisa Grosshandler is DENR's ESI outreach coordinator. For more information, contact her at (919) 715-6527 or lisa.grosshandler@ncmail.net.



PERFORMANCE-BASED CONTRACTING IN THE DEPARTMENT OF DEFENSE—FOCUSING ON RESULTS

BY RANDALL CERAR

ASK A DISTANCE RUNNER his strategy for winning races and he is likely to say he keeps his eyes fixed on the finish line, not on his shoes. Federal agencies are finding the same strategy has winning prospects for environmental cleanup projects—focus on the result, not the process, and see the cleanup completed better, faster, and within budget.

In the Department of Defense (DoD), the Army, Navy, and Air Force are all using performance-based contracting to expedite environmental cleanup at military installations. Performance-based contracting, or PBC, is a concept based on reforms mandated for all federal agencies by the President's Management Agenda that emphasize results instead of process. Using PBCs, the government does not dictate how contractors hired to conduct cleanup will achieve project objectives, only that they will achieve those objectives. This approach allows military services to buy successful environmental cleanup for a fixed price and set schedule. It also gives private cleanup firms more flexibility to solve cleanup challenges in a cost-effective way.

PBC requires the contractor of an environmental cleanup project to achieve specific cleanup objectives, established by a scope of work, usu-

State environmental regulators are invited to be active participants in the Army's performance-based contracting for cleanup projects.

ally for a fixed price. The contractor may be required to buy insurance to cover additional costs that may occur if cleanup expenses exceed the contract price. A performance-based contract for environmental cleanup does not relieve the DoD of the ultimate environmental liability for the project. But it does shift more responsibility and accountability for the cost, schedule, and results of the project covered by the contract from the DoD to the contractor.



How PBCs are Evaluated and Awarded—The Army Experience

In Army environmental cleanup projects, the Army installation program manager and state environmental regulators meet to explain the performance work statement to bidding contractors. The Army then asks contractors to develop cost proposals to meet the performance work statement. A technical evaluation panel, composed of people familiar with the installation's environmental cleanup program, evaluates the proposals and recommends award of the contract. Contracts are awarded to cleanup firms based on criteria reviewed and commented on by regulators, the community, and the Army installation program manager.

State environmental regulators are invited to be active participants in the Army's performance-based contracting for cleanup projects. The Army and installation staff offer to meet with regulators early in the PBC scoping process to identify appropriate candidate sites and the desired outcome for the project—site closure,

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Performance-Based Contracting in the Department of Defense— Focusing on Results

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for instance. Regulators are asked to review and comment on the performance objectives for the contract. They are invited to participate in bidders' conferences to present their views to prospective contractors. Throughout the performance of the project, regulators may attend information sessions with installation staff and the contract team. In addition, they review activities prior to implementation, and review and provide comments on site documents. The level of paperwork for the regulator generated by a PBC may increase at the outset; however, the Army and contractor repackage and consolidate documents when feasible to reduce the number of documents requiring regulatory review.

The Army seeks community input throughout the environmental cleanup process when a PBC is used. Working through the local resto-

Introducing the PBC concept to regulators and community members has not come without problems. The Army's early emphasis on cost-saving alienated some regulators, who insisted safety and quality of the cleanup should always take priority.

ration advisory board, if one is established, community members review and provide advice on restoration issues and documents. They offer input on project requirements and site cleanup priorities.

On active Army cleanup sites, the Army project manager is on-site. On Base Realignment and Closure sites or Formerly Used Defense sites, Army project managers are expected to make regular visits and are on call for regulators, community representatives, and contract staff.

Working out the Kinks

Introducing the PBC concept to regulators and community members has not come without

problems. The Army's early emphasis on cost-saving alienated some regulators, who insisted safety and quality of the cleanup should always take priority. For a site cleanup at Joliet Army Ammunition Plant in Illinois, a regulator complained that the performance work statement relegated Illinois EPA to the role of "interested bystander," rather than active participant during the solicitation period, as was intended. And at Aberdeen Proving Ground, some Maryland state regulators said they were skeptical that the Army would provide adequate oversight, and were nervous about the additional documentation that could flood Maryland Department of the Environment staff.

Document overload, in particular, is a common concern for regulators, says Janet Kim, an environmental engineer at the Army Environmental Center and the Army's technical coordinator for PBC implementation. "We're very sensitive to the fact that regulatory agencies may have resource limitations on how quickly they can review our documents. We try hard to work closely with our regulators to develop workable review schedules. However, because the contractors are incentivized to get the work done, they're going to push, and push hard, to keep things moving at a good clip."

Understanding everyone's role helps the PBC process move smoothly, says Christopher Hurst, project manager with the Georgia Environmental Protection Division. Hurst is responsible for the state's oversight of cleanup at Fort Gordon, Georgia. "It's important to the contractor and the state that everybody understand what is expected," he says.

Kim agrees. "While performance-based contracting isn't a new tool, its use in the Army's cleanup program is a dramatic change. One of the biggest challenges in implementation of the PBC concept is educating all the stakeholders on what PBC really is and the signifi-

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ECOS INNOVATION AND POLLUTION PREVENTION ROUNDUP

The following are updates on just two of the projects underway at ECOS to advance innovation, pollution prevention, and sustainability.

Pollution Prevention and NEPPS

THIS PAST YEAR, ECOS partnered with EPA on an exciting effort focused on the maturation, implementation, and future of the National Environmental Performance Partnership System (NEPPS). Specifically, ECOS is exploring how pollution prevention (P2) and innovative approaches are integrated into existing state Performance Partnership Agreements (PPAs) and Performance Partnership Grants (PPGs). The project entails analyzing and showcasing those agreements that contain extensive provisions on innovation and pollution prevention.

The project also involves developing model PPA and PPG templates that incorporate strong pollution prevention elements. A primary objective is to make available a menu of options for states seeking to adopt a wider range of pollution prevention elements as part of their PPA and/or PPG. Members of the ECOS Cross Media Committee are working with ECOS staff to develop a comprehensive set of recommendations.

The effort has involved ECOS collection of PPAs and PPGs from as many states as possible. ECOS is evaluating the format and extent of innovation and P2 integration in the agreements.

After reviewing the PPAs and PPGs, preliminary analysis found varying degrees of P2 integration. Some states adopted very little P2 or multi-media approaches into their PPAs and/or PPGs, while others strongly promoted P2 and innovative efforts throughout their documents.

To aid in the analysis, PPAs were organized into four categories:

- ❖ Goal-oriented;
- ❖ Single media-driven;
- ❖ Single media-driven plus separate multi-media (air, water and waste) or sustainability sections; and
- ❖ Selected media with integrated P2 strategies and programs.

All of the PPAs contained project definitions, strategic priorities, fiscal and grant considerations, and stakeholder and public involvement provisions. While there were exceptions, some initial general observations are that many PPAs/PPGs: (1) are solely justifying existing programs; (2) are not being used as tools to develop strategic planning goals and priorities; and (3) are not incorporating innovative new approaches to refresh department goals and strategies.

The project also entailed interviews with state officials on the development of their states' PPAs and PPGs and the role those documents play in their state's environmental protection efforts. The research uncovered a wide range of uses for both PPAs and PPGs. Some states use their PPA as a fundamental directive of the department, while others use it only as a guideline. Most of the states lie somewhere in between, frustrated by the lack of communication and understanding about the process within their own agencies as well as within EPA.

Of the 25 state officials who provided feedback, most said that they do not use the PPA as a fundamental directive but more as a guideline. Many indicated they did not understand the purpose and found it to be an obstacle to reaching their goals. Others labeled it too political and a second layer of priorities. Overall, officials questioned the capacity of the process to promote multi-media approaches.

However, others interviewed felt the process was valuable, particularly in facilitating a better working relationship with the EPA regional office. Several commented that the process would be more beneficial if there were greater

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support from senior management in the states and in the regions.

Thirteen state officials were interviewed at length, and 12 other state representatives were contacted for initial PPA/PPG information. The officials who were interviewed ranged from program staff to political appointees familiar with pollution prevention efforts in the state. To locate the staff responsible, in many cases the ECOS researcher was routed through a number of people within an agency before the correct staff person was identified.

Another important aspect of NEPPS is to provide states increased flexibility to adopt innovative approaches tailored to meeting their unique environmental protection needs. When select states were interviewed about the lack of P2 approaches in their PPAs and PPGs, all cited funding, captured in one official's comment, "In order for P2 to be an integral part of the PPA, the EPA must not only declare it as one of its priorities, but be able to back it financially."

The next phase of this project involves working to develop a list of recommendations on how best to incorporate P2 into PPAs and PPGs. The goal of this project is to create a standard template that encourages new, innovative P2 techniques and multi-media approaches. The end goal is to use this template to move closer to the NEPPS vision of revamping current systems and addressing environmental concerns across medias. The resulting standard template will also make state-to-state communication and strategy sharing easier, in turn facilitating new ideas and department growth.

It is also worth noting that ECOS has been working on a relatively new and ambitious effort with EPA aimed at improving NEPPS. Specifically, the effort is focused on enhancing state and federal joint strategic planning and priority setting procedures. The endeavor is coordinated by a joint EPA/ECOS planning alignment workgroup which works closely with the ECOS Planning Committee. These efforts, while only a year underway, are already paying huge dividends in better coordination and alignment between the states and EPA on planning processes.

The ECOS Green Pages

ECOS IS EXCITED ABOUT the launch of *The ECOS Green Pages: A Guide to State Sustainability & Innovation Projects Across the U.S.* The guide, slated for completion in October, showcases the best and brightest environmental innovation state projects from across the country. In addition to projects underway, ECOS has included snapshots of ambitious projects under development. All of the information is being placed in an online database promoting state sustainability and innovation initiatives.



Initiatives included in the Green Pages encompass a broad spectrum of regulatory and non-regulatory programs including projects on energy efficiency, smart growth, pollution prevention, multi-media permitting and inspections, consolidated reporting, small business assistance, and eco-efficiency.

ECOS staff administered an extensive search and survey collection effort to compile and update state information. Staff also conducted a literature search to expand upon the original data. All entries outline the project's primary goal(s), include a brief summary, report on status and outcomes, and detail the budget and any roadblocks encountered. A contact person with address, phone number, and e-mail information is also included for every entry. In some cases, not all information for all categories was available.

The compendium will continue to be updated online. To update projects in your state section or make new submissions once the guide is published, please send them to Natalie Roy at nroy@sso.org. The Green Pages is funded through EPA's Office of Research and Development and ECOS.

ECOS Deputy Director Natalie Roy and ECOS Summer Fellows Amber Simco and Abby Mattera contributed to this roundup.



State Spotlight



Michael J. (Mike) Linder

Director, Nebraska Department of Environmental Quality (NDEQ)

Year Began in Post: 1999

Reports to: Governor Mike Johanns

Annual Budget: \$75 million

Number of Full-time Employees: 212

Roots of Interest in the Environment: Mike grew up in South Dakota and was an avid outdoorsman. His father's career as a wildlife biologist and conservationist introduced him to environmental issues at an early age. After graduating from law school, Mike began working with the NDEQ in 1986 on environmental regulatory issues. The fit has been a good one, and the environmental conservation ethic has sparked a lifelong pursuit.

Education: After receiving his Bachelor of Science degree from the University of South Dakota in 1980, Mike earned a Juris Doctor degree from the University of Nebraska-Lincoln College of law in 1983.

Bio: Mike joined the NDEQ in 1986 as a staff attorney working primarily on water quality issues. In 1989, he became legal counsel to the agency, a position in which he served until he was appointed director. As legal counsel, Linder handled general legal duties for the agency and served as legislative liaison with the Nebraska Unicameral.

Priorities in State: In Nebraska, groundwater is a plentiful and valuable resource. Nearly ninety percent of the state's drinking water comes from groundwater, and state officials take the protection of that resource very seriously. Mike explains there are many pressures on groundwater both from a quality and a quantity standpoint in the state. "Our most important environmental concern is the protection of this resource and the



Mike Linder

prevention of its degradation. Many of the waste and water programs impact the protection or remediation of groundwater, so we must effectively administer those programs," Mike says.

"Surface water in many areas of Nebraska has a significant impact on groundwater quality and is also heavily used for recreation, so its protection is also important." At the same time, he notes, the state must be vigilant in keeping its air quality within standards. "As we learn more about the health effects of air contaminants, it is apparent that even though our state is in total attainment, we need to keep alert and have an effective air quality program."

One of Mike's personal priorities is to see first-hand the communities and facilities he regulates. About once a week, he travels into the state to visit a facility, a grantee, or a community, or to investigate emerging issues. "We are charged with protecting the

environment, and it is important to me that we remain aware of the environmental issues within the state," he says. He encourages all NDEQ employees to get out when they can, and even has human resources employees, a file manager, and others go out on inspections so everyone understands the importance of the agency's work. "We have opened numerous field offices since I have been director," he notes, "and will continue to support the idea that we cannot effectively understand our job by sitting in an office in the capital."

Positions within ECOS: Mike is chair of the ECOS Data Management Workgroup and co-chair of the State/EPA Information Management Workgroup. He also chairs the Local Government Forum. He is currently the alternate Executive Committee representative for Region VII.

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Goals through ECOS: In Mike's view, ECOS provides a wonderful opportunity to learn about how the states conduct the business of environmental management. "The sharing of ideas and approaches makes us all better stewards of our programs. Also, the collection of states has the potential to shape policy with *input* that must be heard," he says. "Although it is critical that states maintain

independence, it is important that when consensus in policy is possible among the states that decision makers and others have that information provided to them." He adds that it is particularly important that the message of small states like Nebraska be delivered through an organization such as ECOS. "I would like to think that we can accomplish more locally by being involved nationally."

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cant benefits that this contracting tool brings to the table."

The Army's Cleanup Division at the U.S. Army Environmental Center has worked to address regulator and community concerns as they arise by visiting sites and discussing the issues with installation restoration advisory boards and state regulators.

Sharing Lessons Learned

In recent years, the Department of Energy, the Navy, and the Air Force have all initiated PBC projects, driven by reforms in the laws and policies that govern federal acquisition. While some projects have been more successful than others, the military services are sharing their lessons learned. Among the most important: that a performance work statement that is specific and clear minimizes communication problems. And common documents can and should be consolidated to reduce regulators' workload.

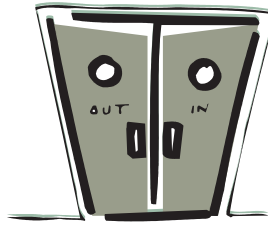
From 1999 to 2002, the Army awarded nine guaranteed fixed-price remediation contracts, a type of PBC, totaling \$80 million. When the cost of those first nine contracts is compared to the standard contracts' estimated cost to complete plus additional costs they would have incurred, the Army calculates it has saved approximately 9 percent. In addition, the PBC projects are being completed in half the time estimated for the standard contracts.

In 2002, 25 percent of DoD contracts were performance-based. By the end of September 2005, DoD expects to award 50 percent of its contract dollars using PBCs.

Randall Cerar is technical director of the Army Environmental Center at Aberdeen Proving Ground, Maryland. For more information about performance-based contracting, please visit the following websites: State Performance-Based Environmental Cleanup Programs, National Governors Association (<http://www.nga.org/cda/files/PFP.pdf>); Seven Steps to Performance-Based Services Acquisition, Office of Federal Procurement Policy Publications (<http://www.arnet.gov/Library/OFPP/BestPractices/pbsc/home.html>); Alternative Financing and Contracting Strategies for Cleanup Projects, Government Accounting Office (<http://frwebgate.access.gpo.gov/cgi-bin/useftp.cgi?IPaddress=162.140.64.21&filename=rc98169.pdf&directory=/diskb/wais/data/gao>); Guaranteed Fixed Price Remediation Contract Lessons Learned (<http://aec.army.mil/usaec/cleanup/pbc-lessons.pdf>); U.S. Army Environmental Center/Performance-Based Contracting (<http://aec.army.mil/usaec/cleanup/pbc00.html>); Northern Region Contracting Center (http://www.aca-nrcc.eustis.army.mil/Solicitations/solicitations_INDEX1.htm); Performance-Based Contracting and Guaranteed Fixed Price Remediation Primer (<http://aec.army.mil/usaec/cleanup/pbc-primer.pdf>).



Transitions



C. **STEPHEN (STEVE) ALLRED** retired June 30 from his position as director of the Idaho Department of Environmental Quality (DEQ). He is succeeded by **Toni Hardesty**, who headed the DEQ's Water Quality Program and also has experience both in the private sector and at the federal level with EPA.

Steve was appointed director in July 2000. He previously served as administrator of the DEQ from January 1999 until it became a state department. He also has worked as a civil engineer for the California Department of Water Resources and in various positions within the Idaho Department of Water Resources and its predecessor agencies. He was employed for 17 years with Morrison-Knudsen Corporation.

A native of Kimberly, Idaho, Toni is a graduate of Boise State University with a degree in environmental health. Prior to joining DEQ, she was branch manager and a project manager for URS Corporation. She interned in the Idaho Air Quality Bureau in 1987-88, and was an environmental protection specialist for the U.S. Environmental Protection Agency in Seattle.



Steve Allred

Toni has dealt with some of the toughest air and water quality issues facing Idaho, having worked on some difficult Total Maximum Daily Loads cases currently pending in the state. "Toni has proven herself a very capable manager, with an outstanding technical background," says Idaho Governor Dirk Kempthorne. "She's extremely professional and has the ability to reach out to all Idahoans on some difficult regulatory issues. She's able to translate 'tech-speak' into plain English and make complex environmental issues understandable to both the regulated community and Idahoans interested in a better environment."

DEQ Chief of Staff John Sandoval, who is active in ECOS, echoes Kempthorne's praise. He says Toni's appointment is a good one because she "brings experience, depth, and a distinguished work history in environmental protection to the department." Moreover, Sandoval says, she "has a great sense of humor and a sensible, proactive style of management."

Although Toni has already assumed her new post, the Idaho Senate must confirm the appointment when it convenes next year. ECOS extends its best wishes to both Steve and Toni.



Toni Hardesty

Upcoming Events



*Brownfields Conference 2004—
Gateway to Revitalization
(ECOS an Endorser)*

September 20-22, 2004,
St. Louis, MO

Visit: www.brownfields2004.org

*Environmental Council of the States
Annual Meeting*

October 3-5, 2004,
Oklahoma City, OK

(with Executive Committee Meeting
on Oct. 2 at 4:30 p.m.)

Contact: Lia Parisien, (202) 624-3674 or
lparisie@sso.org

*Association of State Drinking Water
Administrators Annual Conference*

October 4-7, 2004,
Austin, TX

Contact: Tom Maves, (202) 293-7655 or
tmaves@asdwa.org

*Forum on State and Tribal Toxic Action
(FOSTTA) Tribal Affairs Fall Meeting*

October 18-19, 2004, Washington, DC

Contact: Margaret Sealey, (202) 624-3662
or msealey@sso.org

*State and Territorial Air Pollution
Program Administrators/Association
of Local Air Pollution Control Officials
Fall Membership Meeting*

October 23-27, 2004,
Coeur D'Alene, ID

Contact: Stephanie Cooper,
(202) 624-7864 or scooper@4cleanair.org

*Interstate Technology and Regulatory
Council Fall Meeting*

October 26-29, 2004, Albuquerque,
NM

Contact: Carolyn Hanson,
(202) 624-3501 or chanson@sso.org

*National Association of Regulatory
Utility Commissioners 116th
Annual Convention*

November 14-17, 2004,
Nashville, TN

Contact: Michelle Malloy,
(202) 898-2214

*Association of State and Interstate
Water Pollution Control Administrators
Mid-Year Meeting*

March 6-8, 2005, Washington, DC

Contact: Jamie Kamin, (202) 898-0905
or j.kamin@asiwpc.org

*Association of State Drinking Water
Administrators Member Meeting*

March 16-19, 2005, Alexandria, VA

Contact: Tom Maves, (202) 293-7655
or tmaves@asdwa.org

*Environmental Council of the States
Spring Meeting*

April 10-12, 2005, Washington, DC

Contact: Lia Parisien, (202) 624-3674
or lparisie@sso.org



Environmental Council of the States State and Territorial Members

Alabama	James W. Warr	Department of Environmental Management
Alaska	Ernesta Ballard	Department of Environmental Conservation
Arizona	Stephen Owens	Department of Environmental Quality
Arkansas	Marcus Devine	Department of Environmental Quality
California	Terry Tamminen	CA Environmental Protection Agency
Colorado	Doug Benevento	Department of Public Health and Environment
Connecticut	Jane Stahl	Department of Environmental Protection
Delaware	John A. Hughes	Department of Natural Resources and Environmental Control
Florida	Colleen Castille	Department of Environmental Protection
Georgia	Carol Couch	Environmental Protection Division
Hawaii	Laurence K. Lau	HI Department of Health
Idaho	Toni Hardesty	Department of Environmental Quality
Illinois	Renee Cipriano	IL Environmental Protection Agency
Indiana	Lori Kaplan	Department of Environmental Management
Iowa	Wayne Gieselmann	IA Department of Natural Resources
Kansas	Ron Hammerschmidt	Department of Health and Environment
Kentucky	Lloyd Cress	Department for Environmental Protection
Louisiana	Mike McDaniel	Department of Environmental Quality
Maine	Dawn Gallagher	Department of Environmental Protection
Maryland	Kendl P. Philbrick	Department of the Environment
Massachusetts	Ellen Roy Herzfelder	Executive Office of Environmental Affairs
Michigan	Steven Chester	Department of Environmental Quality
Minnesota	Sheryl Corrigan	MN Pollution Control Agency
Mississippi	Charles Chisolm	Department of Environmental Quality
Missouri	Steve Mahfood	Department of Natural Resources
Montana	Jan Sensibaugh	Department of Environmental Quality
Nebraska	Mike Linder	Department of Environmental Quality
Nevada	Allen Biaggi	NV Division of Environmental Protection
New Hampshire	Michael Nolin	Department of Environmental Services
New Jersey	Brad Campbell	Department of Environmental Protection
New Mexico	Ron Curry	NM Environment Department
New York	Erin Crotty	Department of Environmental Conservation
North Carolina	Bill Ross	Department of Environment, Health and Natural Resources
North Dakota	Dave Glatt	ND Environmental Health Section
Ohio	Christopher Jones	OH Environmental Protection Agency
Oklahoma	Steve Thompson	Department of Environmental Quality
Oregon	Stephanie Hallock	Department of Environmental Quality
Pennsylvania	Kathleen McGinty	Department of Environmental Protection
Puerto Rico	Esteban Mujica Cotto	PR Environmental Quality Board
Rhode Island	Frederick Vincent	Department of Environmental Management
South Carolina	Bob King	Department of Health and Environmental Control
South Dakota	Steve Pirner	Department of Environment and Natural Resources
Tennessee	Betsy Child	Department of Environment and Conservation
Texas	Ralph Marquez	TX Commission on Environmental Quality
Utah	Dianne R. Nielson	Department of Environmental Quality
Vermont	Elizabeth McLain	VT Agency of Natural Resources
Virginia	Robert Burnley	Department of Environmental Quality
Washington	Linda Hoffman	Department of Ecology
West Virginia	Stephanie Timmermeyer	Department of Environmental Protection
Wisconsin	Scott Hassett	Department of Natural Resources
Wyoming	John Corra	Department of Environmental Quality



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