TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
STATE INNOVATION GRANT PROGRAM
EPA Grant #97670401-01
November 2004 Progress Report

OBJECTIVE 1: **strategically directed regulatory structure**
This objective will: 1) support the development of the Strategically Directed Regulatory Structure in partnership with EPA; 2) support the development of permitting incentives for entities participating in clean TEXAS - cleaner world (CTCW) / national environmental performance track (NEPT); 3) measure and communicate results to state, regional and national partners.

Task 1.1 *Identify potential types of permits to integrate EMS activities and incentives.*

The TCEQ continues to meet with the permitting program to integrate EMS into the permitting process as required under the Texas Water Code, Section 5.131(c). Representatives from air, water, and waste programs attended a forum to explore EMS integration opportunities. One of the challenges identified is the unique nature of each media permit and mechanisms to standardize any opportunities for integration or incentives.

Based on conversations with the regulated community and staff, a permit processing incentive which provides a single point of contact, senior staff review, and fast track processing is of most interest. The TCEQ currently has this system in place to support the Governor's statewide economic development efforts. As a result, the TCEQ has established a Permit Processing Incentive for those facilities classified as "High Performers" under TCEQ Compliance History and have a TCEQ approved Environmental Management System (EMS) at the CTCW National Leader level. This will be implemented during FY2005 at which time management will review the impacts on workload and results achieved.

Task 1.2 *Work with agency staff to integrate EMS into the permitting programs via an internal workgroup.*

Integration between Small Business and Environmental Assistance (SBEA) and Office of Permitting, Remediation, and Registration (OPRR). SBEA and OPRR staffs have met several times to identify mechanisms for integrating EMS and permits. Items identified for implementation include: developing training for all permit staff, developing EMS "fact sheets" for permit staff and the regulated community, integrating EMS information in to the agency (permitting) website.

Task 1.3 *Conduct at least one pilot project under the "Strategically Directed Regulatory Structure" interim rules and final rules by September 1, 2005.*

Strategically Directed Regulatory Structure (SDRS) rule. TCEQ adopted an interim rule in August 2003. The SDRS will provide an overall framework for the TCEQ's existing innovative programs and will allow for the creation of new initiatives. It also will create a way for regulated entities to gain access to incentives through an innovative approach based on compliance history and participation in voluntary programs.
Under SDRS programs, any business or organization wanting to tap into incentives must show that its practices are more protective of the environment and public health than are current standards. The incentives made available will be based on compliance history and on voluntary measures undertaken to improve environmental quality.
The TCEQ is preparing a summary report on the program to the 79th Texas Legislature and should be available by December 13, 2004.

There are several potential pilot projects that are being discussed:
3M Flexible Permit Project - TCEQ is working with 3M on a proposed air flexible permit project that involves the Brownwood, Texas facility. This pilot would provide for greater operational flexibility for demonstrated environmental performance. In addition, this facility is an approved EPA National Environmental Performance Track member and is seeking TCEQ approval of it's EMS. They are have a designated "high performer" compliance history status. The project team will be meeting in November 2004 to discuss the details of the proposal.
Environmental Monitoring and Response an System (EMRS). EMRS is an innovative real-time environmental monitoring program initiated by TCEQ. EMRS is a partnership between TCEQ, regulated entities, local government and communities that uses state-of-the-art technology and innovative regulatory approaches to address regional environmental challenges. Two pilot projects were conducted during the summer of 2004 related to air quality in Houston and water quality/non-point source issues in the Bosque-Leon watersheds. An evaluation of the pilot will be conducted in November 2004 to evaluate the results of the Staff is exploring ways to use this project as a potential model for integrating EMSs and permits for greater environmental performance and assurance.

OBJECTIVE 2: **innovations and environmental management systems training**

Task 2.1 Conduct at least two EMS permitting training workshops.

Staff is beginning to identify the potential topics and training needs for EMS permitting training workshops.

Task 2.2 *Integrate Innovations and EMS into the annual Clean Texas-Cleaner World Conference.*

Annual Clean Texas-Cleaner World Conference. Planning in underway for the 2005 Clean Texas Cleaner World conference to be held in May 2005 in Austin. At least one session will be devoted to regulatory innovations and performance-based EMS.

Annual NEPT Conference/ State Innovations Grant Program Conference. TCEQ is a co-sponsor of the annual 2005 NEPT conference in Austin, Feb 28- Mar 4. States involved with or interested in the Innovation Grant projects and issues will meet on Monday Mar 1. TCEQ staff is working with EPA to plan and conduct this event.

OBJECTIVE 3: **performance evaluation**

Task 3.1 Conduct grant evaluation to document project results, including emissions reductions and cost savings.

TCEQ requires environmental performance reporting for entities participating in SDRS. Table 1 outlines the 2004 Environmental Performance Results for those entities participating in the TCEQ Clean Texas Cleaner World Program.

Task 3.2 TCEQ will utilize the performance metrics established under the National Environmental Performance Track. TCEQ will conduct the appropriate quality assurance on the data collection.

Clean Texas Cleaner World / Environmental Management Systems Results -
FY2004 - Entities participating in the TCEQ sponsored Clean Texas Cleaner World and EMS training

Table 1. FY 2004 Clean Texas Cleaner World Totals

Environmental Improvement	Quantity Reduced	Unit	Savings
Brownfield Use Increased	0.90	acres	
Discharges of Toxics to Water Reduced	7.65	tons	
Emissions of Carbon Monoxide (CO) Reduced	14.77	tons	
Emissions of NOx Reduced	235.80	tons	
Emissions of Ozone-Depleting Gases (ODG) Reduced	10.05	tons	
Emissions of Particulate Matter (PM) Reduced	8.60	tons	
Emissions of Sulfur Dioxide (SO2) Reduced	101.46	tons	
Emissions of VOCs Reduced	215.48	tons	$43,900.00
Energy Conserved	36,819,461.64	KWh	$2,015,571.00
Habitat Restoration Increased	40.30	acres	$157,500.00
Hazardous Waste Reduced	3,542.73	tons	$777,829.97
Materials Composted	8,041.37	tons	$11,165.20
Materials Conserved	15,469.19	tons	$190,735.00
Nonhazardous Materials Recycled/Reused	13,303.54	tons	$864,954.31
Nonhazardous Waste Reduced	2,745.42	tons	$17,930.00
Recycled/Reused Materials Used	4,019.80	tons	$1,933,750.00
Water Conserved	663,912,404.69	gallons	$855,033.00
Total Dollars Saved			**$6,868,368.48**
Total Emissions Reduced	**47,715.85**	**tons**	

programs reported a reduction of 42,367.46 tons and $6.9 million in cost savings. The primary areas of environmental performance include hazardous waste reduction, water conservation, and nonhazardous materials recycling.

FY2003 - TCEQ reported 29,123 tons of pollutant reductins and a savings of $3.9 million in environmental costs for . This was the first year the TCEQ is reporting EMS results data.