

US EPA ARCHIVE DOCUMENT



# State Innovation Grant Program: South Carolina

## Incorporating EMS into Permitting Decisions (2004 Competition)

### The State Innovation Grant Program

In 2002 EPA introduced the State Innovation Grant Program to support efforts led by state environmental agencies to test innovative approaches for achieving better environmental results and improved efficiency in permitting programs. Between 2002 and 2007, the State Innovation Grant program competition awarded over six million dollars to support 35 state projects that test permitting innovation for a variety of regulated entities including several small business sectors. A summary of the awards by year appears in the table below.

State Innovation Grant Program Statistics, 2002-2007			
Competition Year	Proposals Submitted	Proposals Selected	Total Program Funding (\$)
2002/2003	29	6	\$618,000
2004	33	9	\$1.425 Million
2005	26	7	\$1.479 Million
2006	25	6	\$1.243 Million
2007	17	7	\$1.611 Million
Cumulative Total	130	35	\$6.376 Million

"Innovation in Permitting" has been the theme of the State Innovation Grant competition since its inception. In the last three competition cycles states received awards for projects in the following three categories:

- **The Environmental Results Program (ERP)** is an innovative approach to improving environmental performance based on a system of the interlocking tools of compliance assistance, self-certification (sometimes, where permissible, in lieu of permitting), and statistically-based measurement to gauge the performance of an entire business sector. The program utilizes a multimedia approach to encourage small sources to achieve environmental compliance and pollution prevention. (See: <http://www.epa.gov/permits/erp/>)
- **Environmental Management System (EMS)** is a system involving a continual cycle of planning, implementing, reviewing and improving the processes and actions that an organization undertakes to meet its business and environmental goals. EMSs provide organizations of all types with a structured system and approach for managing environmental and regulatory responsibilities to improve overall environmental performance and stewardship. (See: [www.epa.gov/ems/info/index.htm](http://www.epa.gov/ems/info/index.htm))
- **Performance Track** is a partnership that recognizes top environmental performance among participating US facilities of all types, sizes, and complexity, both public and private. (See: <http://www.epa.gov/performance-track/>)

NCEI has provided awards also for projects testing watershed-based permitting, and for permit process streamlining in past competitions. For more information on the history of the programs, including information on solicitations, state proposals, and project awards, please see the EPA State Innovation Grants website at <http://www.epa.gov/innovation/stategrants>

### Project Background:

In South Carolina, the Department of Health and Environmental Control (DHEC) recognizes facilities with Environmental Management Systems (EMSs) through a voluntary environmental leadership program (South Carolina Environmental Excellence Program, or SCEEP), however there are no regulatory benefits offered to these facilities. Facilities have encouraged DHEC to integrate EMSs into its regulatory activities, and to offer incentives for facilities to develop EMSs. To investigate this potential, DHEC applied for a State Innovations Grant to explore the relationship between EMS and environmental permitting. Specifically, the state conducted a comparative analysis of four facilities' EMSs and permits to:

- Study how an EMS can improve the overall performance of a facility;
- Explore ways permit requirements can be integrated and streamlined based on an EMS;
- Determine how an EMS can ensure consistency in the development, implementation, and enforcement of a permit; and
- Evaluate the possible benefits of offering permitting incentives to facilities that have an EMS.

### Project Description

DHEC first formed a cross-media project advisory team consisting of permitting, compliance and enforcement staff representing the major environmental media programs (air, land, water and



laboratory resources). With the help of this team, DHEC reviewed the permit activities and EMSs for four facilities - a U.S. Air Force Base and three types of manufacturing facilities (cement, chemical, and automotive belts).<sup>1</sup> These facilities were chosen because they were members of SCEEP and/or EPA's Performance Track program; had a fully implemented EMS; had a good compliance record; held certain types of permits; and were willing to participate in DHEC training. DHEC undertook the following activities to better understand the potential for incorporating EMS into the permitting system. More specifically, DHEC:

- Provided EMS training to Agency staff and the project advisory team to increase awareness and understanding of the purpose and mechanics of an EMS;
- Studied each facility's existing permits and its EMS to ascertain the influence an EMS could have in addressing permitting requirements such as:
  - Streamlining administrative and/or other permit requirements;
  - Improving consistency in how permits are written, monitored and enforced; and
  - Improving environmental performance and results to meet or even exceed compliance;
- Determined ways to address, alter, or consolidate certain permit requirements through an EMS; and
- Evaluated the potential to incorporate EMSs into facility permits.

With the assistance of an EMS consultant, the project team conducted initial permit reviews. The team assessed the participating facilities' permits in light of the ISO 14001 EMS standard, and made general comparisons between the permit requirements and the EMS standards. Then the team conducted site visits to assess the potential for each facility to use its EMS to meet permit requirements.

## Results

South Carolina's EMS/permitting study demonstrated that, each participating facility was compliance-oriented, and that using EMSs helped facilities stay in compliance. DHEC found the facilities' EMSs and permits were compatible, with the EMS providing a "road map" for verifying permit management through the "plan-do-check-act" cycle. The permit drove the regulatory obligations of each facility; while the EMS ensured compliance with those obligations. Other findings from DHEC's EMS/permitting study include:

- There may be an opportunity to allow facilities to provide self-certification for certain aspects of permits, where it can be demonstrated that an EMS provides sufficient details/safeguards for meeting the regulatory requirement.
- To include incentives, such as reduced frequency of inspections, a commitment from the U.S. EPA is needed to provide flexibility to state regulatory programs. This would allow the state's annual grants/work plan commitments to consider EMSs when determining the frequency of facility inspections.
- Regardless of the type of EMS, it is critical for a facility to have its EMS independently audited and certified before receiving state recognition.

Although not a substitute for permits, EMSs serve as the basis for streamlining certain permit requirements. For example, since some permitting information typically identified through a pre-inspection interview may instead be gathered by reviewing a facility's EMS, inspectors can use EMSs as a tool to evaluate facility compliance, minimizing the level of effort required for traditional facility inspections. However, it's unclear whether this will translate into administrative cost savings for permitting agencies, because EMSs contain components that could require extra verification, adding to the permitting timeline.

<sup>1</sup> Involvement of one of these facilities (the cement manufacturer) was later discontinued because it was determined that the facility did not have the types of permits that were initially targeted for study.

In reviewing DHEC's project, the EPA also found a number of lessons. First, management support is crucial to exploring the use of EMSs in the regulatory framework. In addition, program staff must receive upfront and ongoing training. While EMSs play a prominent role in the national dialogue on environmental performance – both for industry and for the EPA – program staff (e.g. permit inspectors and enforcement staff who interact with a facility on a day-to-day basis), are generally unfamiliar with EMSs and their potential to promote compliance and environmental performance. EPA also found that having an EMS does not guarantee compliance. Facilities still had some instances of non-compliance that were neither prevented nor identified through their EMSs. The relationship between the presence of an EMS and environmental performance and compliance merits additional review and analysis through future EMS projects.

DHEC's study provided valuable information about the relationship of EMSs to the permitting process and, more importantly, the value of EMSs to facilities in managing compliance obligations and enhancing environmental performance. DHEC would like to continue its research by conducting a cross-media pilot study in 2008 to gather information on the universe of facilities with EMSs (i.e. which facilities have an EMS, what type, and is it certified by an independent third-party auditor). This study would provide valuable information as DHEC further considers incorporating EMS into the regulatory framework.

## Connection to EPA's Goals

DHEC's project directly supports EPA's Strategic Goal #5, focused on compliance and environmental stewardship, by promoting an innovative approach to improve compliance and pollution prevention. It also supports EPA's Cross-Goal Strategy of promoting innovation and collaboration with states.

## Project Contacts:

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