



State Innovation Grant Program: Washington State

Exploring the Use of a Holistic Facility Performance Measure as a Tool for Finding a More Comprehensive Method to Regulate the Pulp and Paper Industry (2005 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)
- **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/performancectrack/>)

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:

The EPA Innovation Strategy states that "environmental programs should address a broader range of issues than they typically do today. The goal should be greater environmental responsibility and natural resource stewardship across all of society, along with successful integration of environmental, economic, and social objectives." It also states that new approaches need to "emphasize results more than the means to achieve them, using regulatory and non-regulatory tools and working in partnership with others. In such instances, public accountability should be provided through use of meaningful performance tools." Applying more holistic and innovative approaches can help address some of the significant performance gaps created by the current array of media-specific state and federal laws and regulations. Media-specific approaches tend to rely on a "one-size-fits-all" process to establish environmental priorities and efforts to address a broader range of issues (beyond compliance) have been limited to voluntary actions by progressive companies. The Washington State Department of Ecology (WA DOE), using a US EPA State Innovation Grant, is developing a performance measurement tool for assessing environmental, economic, and social impacts for the pulp and paper industry in Washington State. The project will focus on eight Washington pulp and paper mills. This sector was chosen by DOE because:

- it has significant, multi-media experience in regulation of this sector;
- the industry plays a major role in the State's economy;
- there is a large amount of environmental data available for these mills; and
- each mill has a significant environmental and economic impact on the community in which it is located.

Project Description

This project provides a mechanism for industry in collaboration with WA DOE to test the use of a holistic facility performance measure as a tool to find a better, more comprehensive method to reduce the impacts of multi-media facilities. The WA DOE is implementing this project to test the use of an "Industrial Footprint" approach. The results of this project may help the WA DOE design and implement specific regulatory approaches or other strategic tools, such as integrated permits, to facilitate

more holistic environmental management.

The sector footprint will consist of a series of measures common to all the pulp mills, including energy measures, greenhouse gas production, water use, effluent toxicity, and others. Economic and social indicators for the sector will be included if agreement can be reached among the participants. The individual footprint assessments will include all the sector indicators plus those specific to the facility and the local community. The project will generally follow these steps:

1. Selection of indicators for the sector and for each facility; this will be done in partnership with the facilities and with input from community members and requires the development of a stakeholder involvement plan.
2. Measurement of the baseline footprint for the sector and the facilities using the selected indicators; this step will require evaluation and analysis of a significant amount of data.
3. Issuance of an energy challenge to the sector facilities, using the footprint indicators to measure progress against the established baseline.
4. Development of a set of environmental priorities for the sector and each facility, working in partnership with the stakeholders.
5. Initiation of priority actions for improvement and measurement of results as appropriate.
6. Assessment of the utility of this approach for improving environmental results, including identifying barriers to implementation, recommended improvements, and follow-up actions; this assessment will include a comparison of mills within the sector and a comparison of the holistic performance of those mills with an EMS in place to those without one.

This Grant Funded Project will last three years until April 2009.

Connection to EPA's Goals

This program directly supports EPA's Strategic Goals as well as several Cross-Goal Strategies. Exploring the use of a holistic facility performance measure tool (for Pulp and Paper sector) to improve environmental performance is consistent with EPA's Strategic Goal (Goal 5) to "improve environmental performance through preventing pollution and promoting environmental stewardship."

Project Contacts:

For more specific information on this Washington State Innovation Grant, please visit:

(<http://www.ecy.wa.gov/programs/swfa/industrial/IndFootprint.html>)

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