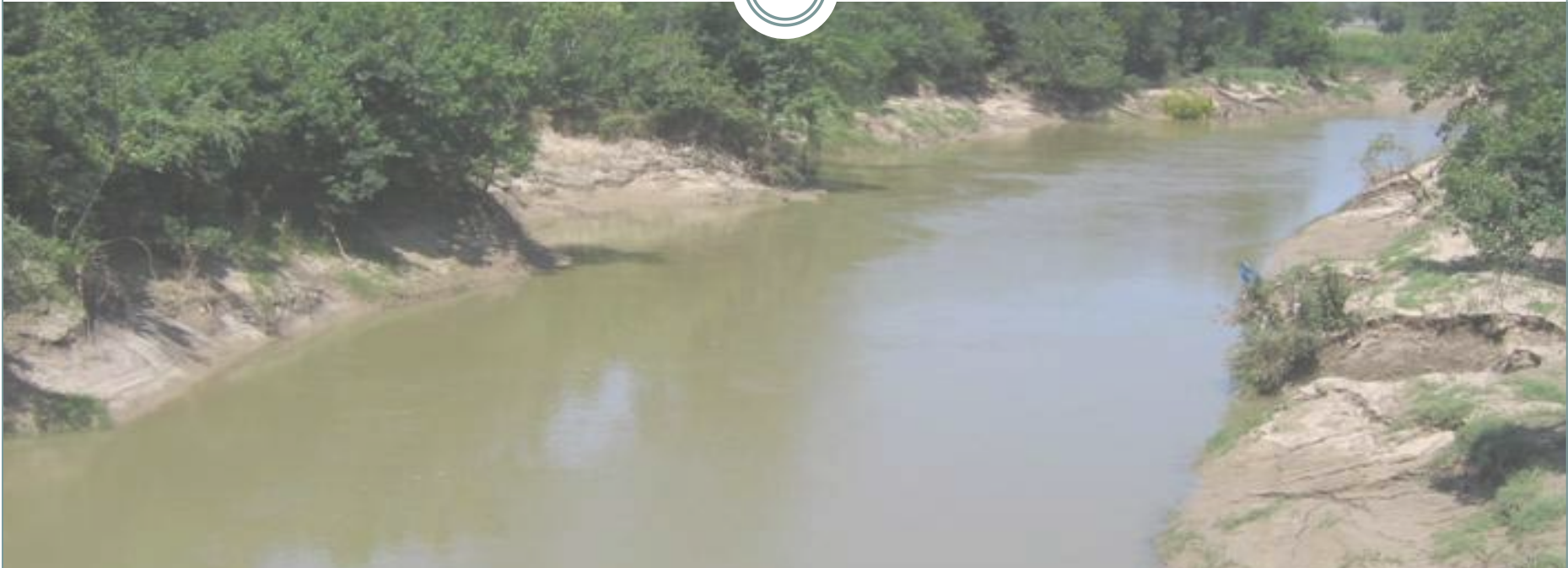


# **SUPPLEMENTAL ENVIRONMENTAL PROJECTS (SEPs)**



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# What is a SEP?



- ❖ SEP – A Supplemental Environmental Project (SEP) is an environmental enhancement project that offsets an administrative or civil penalty in an enforcement matter.
- ❖ Through a SEP, a respondent in an enforcement matter can choose to invest penalty dollars in a project that improves the environment, rather than paying into the Texas General Revenue Fund.

# Criteria for SEPs



- ❖ **Be environmentally beneficial**
  - directly beneficial projects preferred
- ❖ **Be funded by penalties resulting from a Settlement of a TCEQ Enforcement action**

# Additional Criteria...



- ❖ SEPs should match the environmental media of the violation.

“Media”

Water/Air/Waste

*\* However, many SEPs have multiple environmental benefits*

- ❖ Projects should benefit the community in which the violation occurred.

“Community”

River Basin/Aquifer/City/County/Air Control Region

# Three Methods of SEPs



## ❖ Third Party SEP

- ❖ Pre-approved project selected by Enforcement Respondent
- ❖ Performed by:
  - ❖ Government Entity
  - ❖ § 501(c)(3) Non-Profit Organization

## ❖ Custom SEP

- ❖ Performed by TCEQ Enforcement Respondent
- ❖ Environmental project NOT Addressing Violation

## ❖ Compliance SEP

- ❖ Addresses Violation
- ❖ ONLY local governments
- ❖ Added in 2011

# Examples of Third Party Administrators



- ❖ Keep Texas Beautiful
- ❖ Bayou Land Conservancy
- ❖ Lower Colorado River Authority
- ❖ City of Fort Worth
- ❖ Southeast Texas Regional Planning Commission
- ❖ The Trust for Public Land
- ❖ Texas State University
- ❖ Jefferson County
- ❖ University of Texas at Arlington

# Types of Projects (Media)



❖ Air

❖ Cleanup

❖ Water Quality

❖ Habitat Restoration,  
Preservation, & Acquisition

*\*These activities cannot be conducted on sites under or subject to enforcement action (where the responsible party can be identified and is able to achieve compliance).*

# Examples of Pre-Approved SEPs



- ❖ **Brazoria County OSSF repair and replacement**
- ❖ **Water quality monitoring stations**
  - ❖ San Marcos
  - ❖ San Antonio
- ❖ **Projects to protect watersheds and habitat**
  - ❖ Oso Bay Nature Park Development
  - ❖ Galveston Bay shoreline restoration
- ❖ **Cleanup of Dump Sites statewide**



# **\$\$ What about the Money? \$\$**



- ❖ There are varied percentages of a penalty that can be offset through a SEP.
  
- ❖ Offsets are based on:
  1. Types of business under enforcement  
(for profit or not)
  2. Environmental benefit (direct, indirect, or mixed )

# Penalty percentage Offset



	<b>Not-for-profit &amp; Government Organizations</b>	<b>For-Profit Businesses</b>
<b>Direct Benefit</b>	Up to 100%	Up to 50%
<b>Mixed Benefit</b>	Up to 50%	Up to 50%
<b>Indirect Benefit</b>	Up to 33%	Up to 33%

# Allowable Expenses



- ❖ **Direct costs that are reasonable and necessary for the proper performance of the project, such as:**
  - **Monitoring equipment**
  - **Purchase of conservation easements**
  - **Disposal fees**
  - **Restoration/Tree Planting**

# Non-Allowable Expenses



- ❖ Administrative costs (salaries, buildings, rent)
- ❖ Organizational operating costs
- ❖ Gratuities or refreshments for volunteers
- ❖ Legal defense costs

# SEP Performance Requirements



- ❖ **Contract or Agreed Order with TCEQ**
- ❖ **Project timeline of 1-3 years**
- ❖ **Estimated project budget**
- ❖ **Separate bank account to receive SEP funds**
- ❖ **Quarterly Progress Reports**
- ❖ **Completion of SEP and Final Report**

# FOR MORE INFORMATION



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