

# PA Environment Digest

## An Update On Environmental Issues In PA

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### **Senate Agriculture Committee To Consider Mandating Expensive Nutrient Reduction Tech**

The Senate Agriculture and Rural Affairs Committee is scheduled to meet on June 11 to consider [Senate Bill 994](#) (Vogel-R-Beaver) establishing a system to put in place expensive, capital-intensive nutrient reduction technologies.

The Chesapeake Bay Foundation has taken a position opposed to this legislation saying the bill “will not advance cost-effective and affordable nutrient reductions in Pennsylvania streams or the Chesapeake Bay and will likely have limited benefit to but a select few.”

“CBF supports innovative approaches to achieving local water quality goals and the Chesapeake Bay Blueprint. This includes, where applicable and cost-effective, manure treatment technologies,” said Harry Campbell, Executive Director of CBF’s Pennsylvania Office. “But such technologies, to receive public support, must create real and verifiable nutrient credits that can be sold to regulated entities if they chose to purchase them.

“And if the technology creates credits or reductions that are too expensive to compete with other pollution reduction practices, then the taxpayer should not be asked to pay for them anyway.”

[Click Here](#) for a copy of CBF’s letter opposing the bill.

#### **Bill Analysis**

Only state government would force taxpayers to buy something for \$11 that everyone else gets for \$3. And that’s exactly what Senate Bill 994 does.

The bill would create a new “TMDL parameter credit” which must be bought by the state to help fund expensive technology to meet the nutrient reduction requirements of the Chesapeake Bay Watershed and other major watersheds in Pennsylvania.

The legislation does not require the “credits” created in the bill to meet the requirements of the existing [Nutrient Credit Trading Program](#) established in 25 Pa Code Chapter 96 by the Department of Environmental Protection and approved by the U.S. Environmental Protection Agency.

As a result, this “credit” has no economic value and cannot be resold by the state, like real credits, to help farmers, municipalities and builders meet their nutrient and sediment reduction requirements in the Chesapeake Bay watershed or offset the cost of this new program. This “credit” has no value or purpose other than to provide funding for this technology.

The technology promoted by the legislation is also up to three times more expensive per pound of reduction than real credits [bought under the competitive auctions](#) now being held by the PA Infrastructure Investment Authority and DEP.

During the [most recent auction](#) in March, credits sold for from \$2.98 to \$3.05 per credit. A [total of 322,227 credits](#) have been sold through the PennVEST/DEP auction system since it began in 2010.

The technology promoted by this legislation is not economically feasible, its promoters said, unless real credits are [worth \\$8 or \\$10 per credit](#).

The [Joint Legislative Budget and Finance Committee report](#) released in January assumed an \$11 per pound cost of a credit created under the process in Senate Bill 994, although the report assumed real credits approved by DEP which could be traded and sold would be generated by the process. ([Click Here for more information on the Joint Committee report.](#))

The request for proposal process outlined in the bill would set up a system where only expensive, capital-intensive technology would be likely to win the bidding process forcing public money to be used to buy a pound of nutrient reduction for \$11 (or more) when the existing competitive auction process is costing about \$3 per pound, three times less.

Which is the cheaper alternative? Buying \$3 real credits through the state’s auction system or forcing state taxpayers to buy credits at \$11 through the system created in Senate Bill 994?

The bill does not allocate funding for this program, but it does set up a special fund where monies could be appropriated.

Since funding was not allocated for this program and no new funding sources are proposed, the only place funding could come from are from existing programs that directly fund best management practices on family farms that are much cheaper.

Just one of the facilities installed by the private company promoting this legislation [cost \\$7.5 million](#) which was funded primarily with public money through a loan from the PA Infrastructure Investment Authority. This facility does produce real credits certified by DEP.

The bill also eliminates the requirement for the initial regulations developed to implement the bill to be published for public review and comment under the Commonwealth Documents Law, eliminates review by the General Assembly under the Regulatory Review Act and eliminates legal review under the Commonwealth Attorneys Act.

This bill has not been the subject of any public hearings or comment and was only introduced on June 5.

The meeting will be in Room 8E-A East Wing starting at Noon.

Sen. Elder Vogel (R-Beaver) serves as Majority Chair and Sen. Judith Schwank (D-Berks) serves as Minority Chair.