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HEADLINE: EPA asked to audit La. emissions-credit system

BYLINE: MIKE DUNNE

BODY:

A coalition of environmental groups said Louisiana's **air** pollution credit banking system is broken and needs to be fixed.

The groups are asking the U.S Environmental Protection Agency to audit the state **air** emissions credit banking system which allows companies to voluntarily make reductions and then put credits in the bank for future expansions or to sell to other companies.

DEQ Secretary Dale Givens said the agency has made changes recommended by the group and plans to validate credits before they are used.

But Mary Lee Orr, executive director of the Louisiana Environmental Action Network, said, "The bank is broken. It just doesn't work."

LEAN and 11 other groups sent a letter Wednesday to EPA Administrator Christine Todd Whitman and Region 6 Administrator Greg Cooke asking for a program audit.

"The bank has an inadequate database, has transacted business in illegal emission reduction credits which do not represent voluntary emissions reductions ... and engaged in illegal double-counting of emission reduction credits," the letter said.

Representatives of the groups held a brief press conference Wednesday outside the Louisiana Department of Environmental Quality, which operates the emission reductions credit bank. They also provided the agency a copy of the petition.

Givens said "the department has already taken steps to change some of the ways we use the emissions reserve bank." New regulations became final in February.

DEQ used to operate the bank in a manner that counted reduction credits as valid even if later laws would have required companies to make the same reduction involuntarily. Givens said DEQ's reading of EPA policy allowed credits once banked to be used even if the law changed, but DEQ has realigned its policy with the EPA policy to no longer allow any banked credits to be used.

DEQ will "validate it (a credit) at the time it will be used to make sure" that any credit used would not have been invalidated by a later law change, Givens said.

"There had been numerous meetings between us and LEAN and EPA to make some of the changes that were made," he said.

"I believe the regulations that are now in effect ... are in accord with EPA policy and regulations," he said.

Tulane Environmental Law Clinic Student Attorney Samantha Klein, who wrote the petition, said an audit "is long overdue. This bank needs to be audited ... before the health of the Baton Rouge community is harmed."

The area must operate an emission credit reduction banking system because East Baton Rouge, West Baton Rouge, Livingston, Ascension and Iberville parishes fail to meet the federal Clean Air Act standards for ozone. Here's how the credit system is designed to work:

A company makes a voluntary reduction, through use of equipment or process changes that results in reduction of 1,000 pounds of pollutants. Because the five-parish area fails to meet clean air standards, the company can put 800 pounds of that voluntary reduction in the bank for later use if it wants to expand, or it can sell those credits to another company. The concept would allow for industrial expansion but still result in less pollution in the air.

But the environmentalists claim that banking system is not only not working but also not accomplishing the designed reductions in overall pollution.

Before former EPA Administrator Carol Browner left office, she declared credits that Borden Chemical bought from Georgia-Gulf invalid, causing Borden to find another way to expand its facilities.

Another example cited in the petition is reductions made by ExxonMobil Chemical Co. that were used to offset some of its own operations, then apparently banked, and later offered for use by the ExxonMobil Polyolefins plant on Scenic Highway as it attempts to expand.

Carla Faulker-Danna of ExxonMobil said, "That is simply not true. ExxonMobil made significant voluntary reductions in 1994 when we installed a thermal treater to reduce emissions. This resulted in a reduction of 650 tons per year. This was a voluntary emission reduction project not required by any regulations at that time or today.

"The banking regulation allowed these credits to be used to net out and offset a number of projects including 40 tons transferred to the ExxonMobil Polyolefins Plant. This 40-ton credit was only used once, and the transfer is clearly allowed by regulation."

Louisiana Mid-Continent Oil and Gas Association's Larry Wall said the emissions banking system seems to be working fine. When permits using credits from the bank come up for public comment, the credits should be reviewed at that time to make sure they are still valid and "you can voice your dissatisfaction if the credits aren't right," Wall said.

The groups making the petition are LEAN, Alliance for Affordable Energy, Alliance Against Waste and Action to Restore the Environment, Caring Parents of Geismar, Concerned Citizens of Livingston, Louisiana Communities United, Louisiana Democracy Project, Louisiana Labor-Neighbor, Myrtle Grove Community, North Baton Rouge Environmental Association, Concerned Citizens of Iberville and the Louisiana **Bucket Brigade**.

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