



# **Supplemental Environmental Projects**

March 31, 2022 Work Session

# What is a SEP?

- A SEP is an environmental enhancement project that offsets a respondent's administrative penalty in a TCEQ enforcement matter
- Texas Water Code § 7.067
- For more information, visit <https://www.tceq.texas.gov/compliance/enforcement/sep>



# Purpose of SEPs



**Prevent** pollution



**Reduce** the amount of pollutants reaching the environment



**Enhance** the quality of the environment



**Contribute** to public awareness of environmental matters

# Developing a viable SEP

## SEP Types

- Is the project a Custom, Compliance, or Contribution to a Pre-Approved SEP?

## SEP Media

- What is the violation media?

## SEP Location

- Does the project benefit the community in which the violation occurred?

## SEP Offset

- How much of the penalty can be offset by performing a SEP?

# SEP Types

## Custom SEP

- Any Respondent

## Compliance SEP

- Only Local Government Respondents

## Contribution to a Pre-Approved SEP

- Any Respondent

# SEP Media

Air SEPs

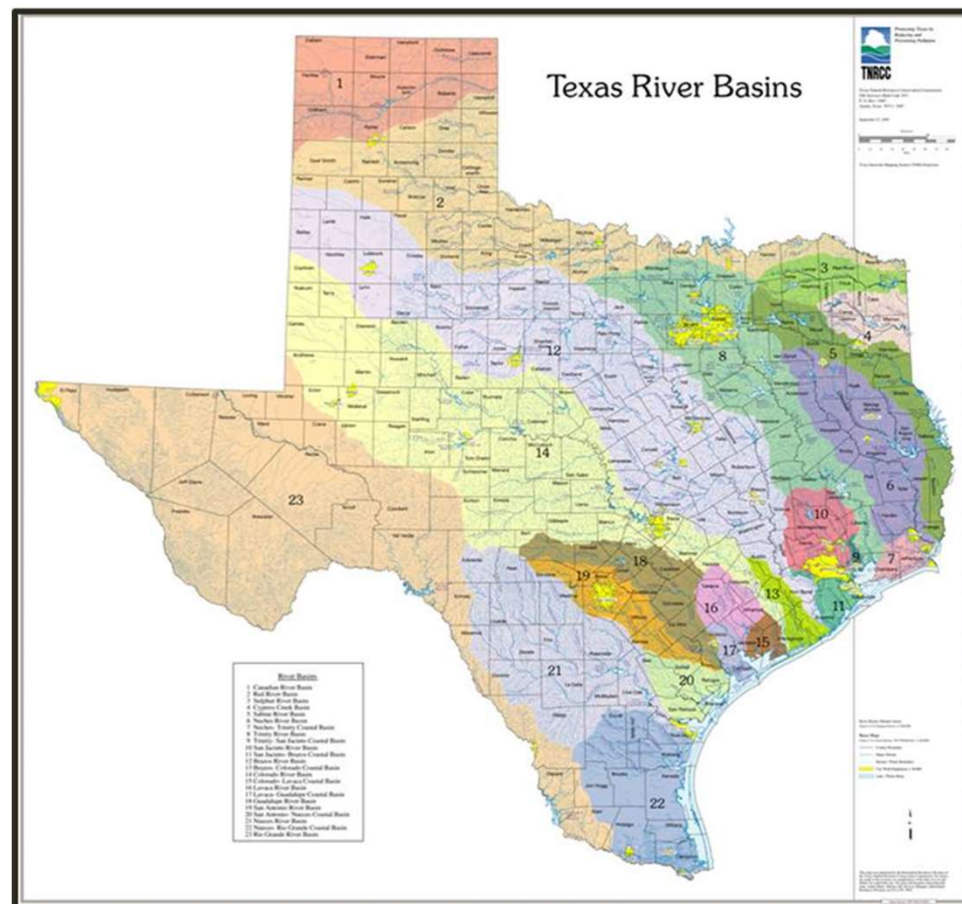
Performed with penalty monies from air violations

Water and Waste SEPs

Performed with penalty monies from water and waste violations

# SEP Location

- Benefit the **community** in which the alleged violation occurred
- Examples of community:
  - City
  - County
  - Texas River Basin
  - Texas Aquifer
  - Texas Air Control Region



# SEP Offset

- All SEPs are funded by TCEQ penalties assessed against a respondent
- Allowable SEP Offset
  - Does not reduce a respondent's penalty, just offsets a portion of it
  - Determined by type of respondent and environmental benefit
- A respondent can choose to:
  - Contribute their allowable SEP Offset amount to a Pre-Approved SEP or
  - Expend their allowable SEP Offset to perform a Custom SEP or Compliance SEP



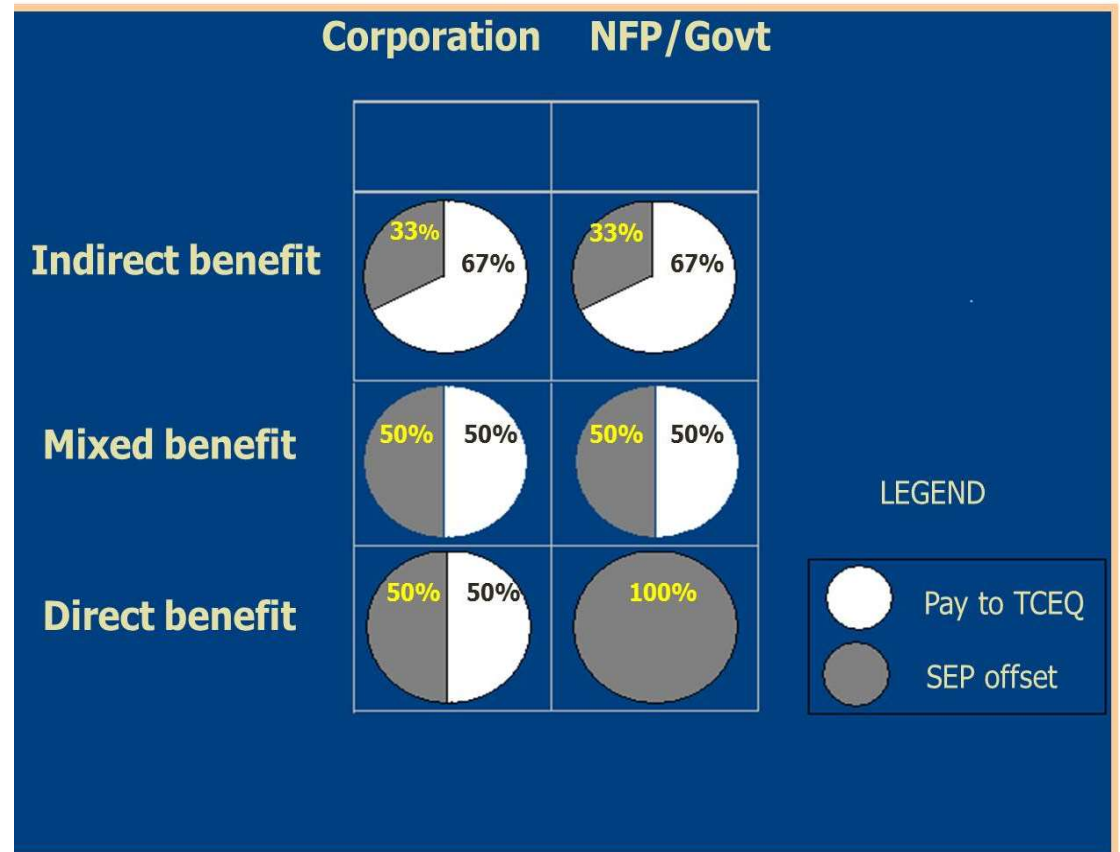
# Penalty Percentage Offset

- Type of Respondent

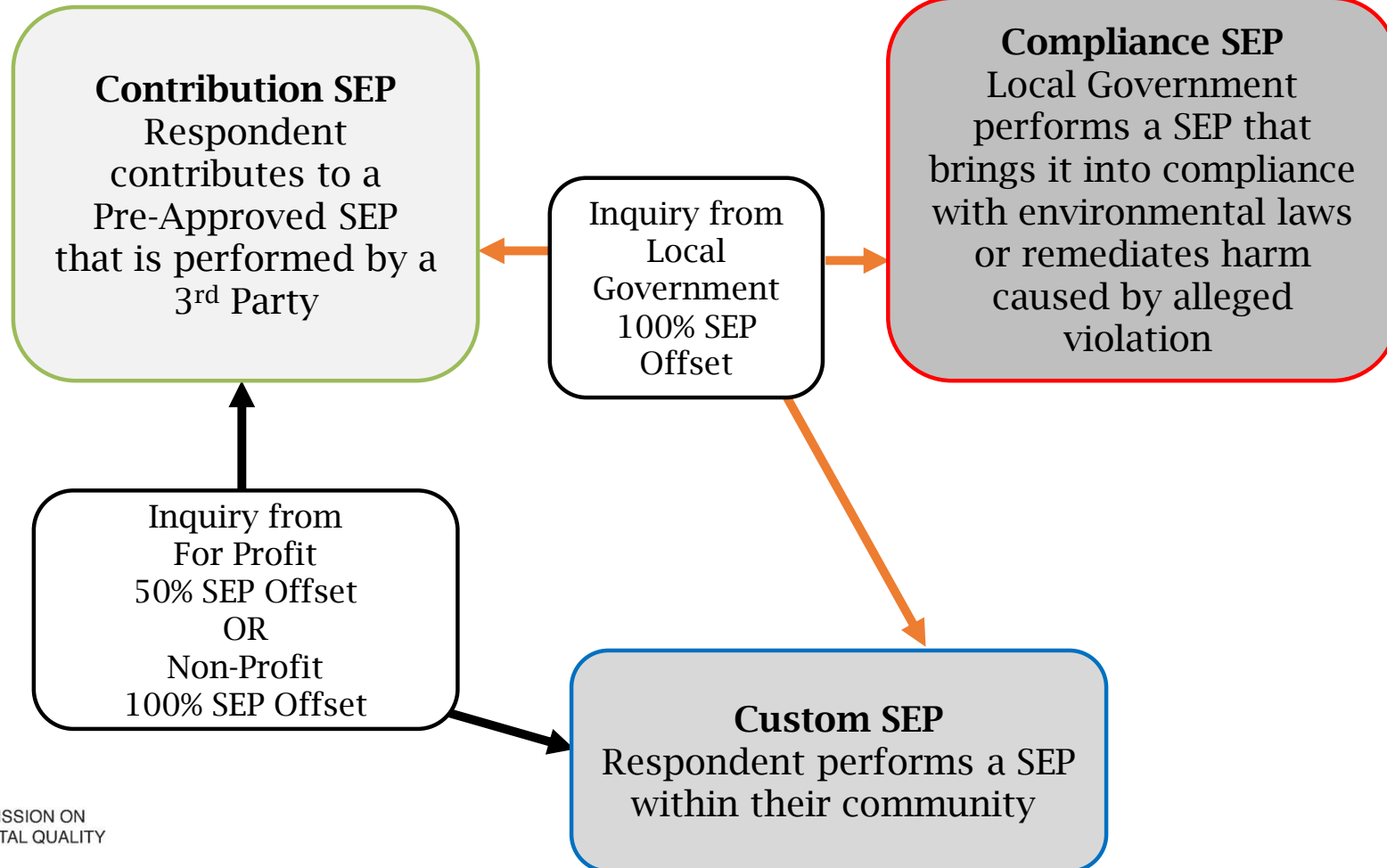
- Local Government/Non-Profit (NFP)—100% Offset
- For Profit (corporations)/Individuals—50% Offset

- Environmental Benefit

- Direct—repair or replace wastewater treatment plant equipment or tire collection events
- Indirect—educational and public-awareness projects
- Mixed—a project that involves both collecting household hazardous waste and educating the public on proper disposal methods



## Respondent SEP Options



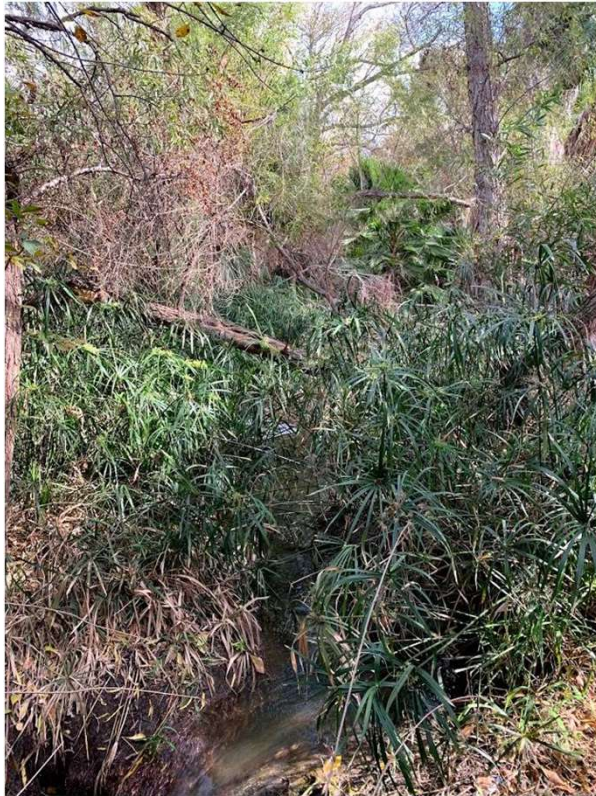
# Custom SEP

Any respondent can spend their allowable SEP Offset amount to implement an environmental enhancement project to address the specific needs within the community where the respondent's alleged violation occurred

- A Custom SEP cannot benefit the respondent
- Must be fully completed within 365 days from the effective date of the Agreed Order
- Must be approved by Commission before commencement of the project can occur



Ector County recently completed a successful tire collection event Custom SEP, where they collected 7 trailers full of tires from the community (TCEQ Docket No. 2018-1329-WQ-E)



Before and after pictures from the City of Laredo's recent Custom SEP, which included brush and trash removal, erosion control, and stream re-establishment (TCEQ Docket No. 2019-0881-MWD-E)

# Compliance SEP (C-SEP)

A **Local Government (LG) respondent** can spend their allowable SEP Offset amount to implement an environmental enhancement project that is necessary to bring the LG respondent into compliance with environmental laws or necessary to remediate environmental harm caused by the LG respondent's alleged violation.

- Only an LG can perform a C-SEP
- LG defined within the SEP Statute; Texas Water Code § 7.067(b)(1)
- A C-SEP can benefit the LG respondent
- A C-SEP can be performed prior to Commission approval

# Two Types of C-SEPs

## Mandatory C-SEPs

LG must meet both conditions:

1. The LG has not previously committed a violation at the same site with the same underlying cause in the preceding 5 years, and
2. The LG did not agree, before the date the Commission initiated the enforcement action, to perform the project.

## Financially Qualified C-SEPs

If these two conditions are not met  
LG must undergo a financial review by TCEQ's Financial Administration Division



Before and after pictures from Harris County Municipal Utility District No. 23's recent C-SEP for installation of aeration equipment at its wastewater treatment facility (TCEQ Docket No. 2019-0881-MWD-E)

# Contribution to a Pre-Approved SEP

Any respondent can contribute their allowable SEP Offset amount to a Third-Party Administrator that has an existing SEP Agreement with TCEQ to perform a SEP

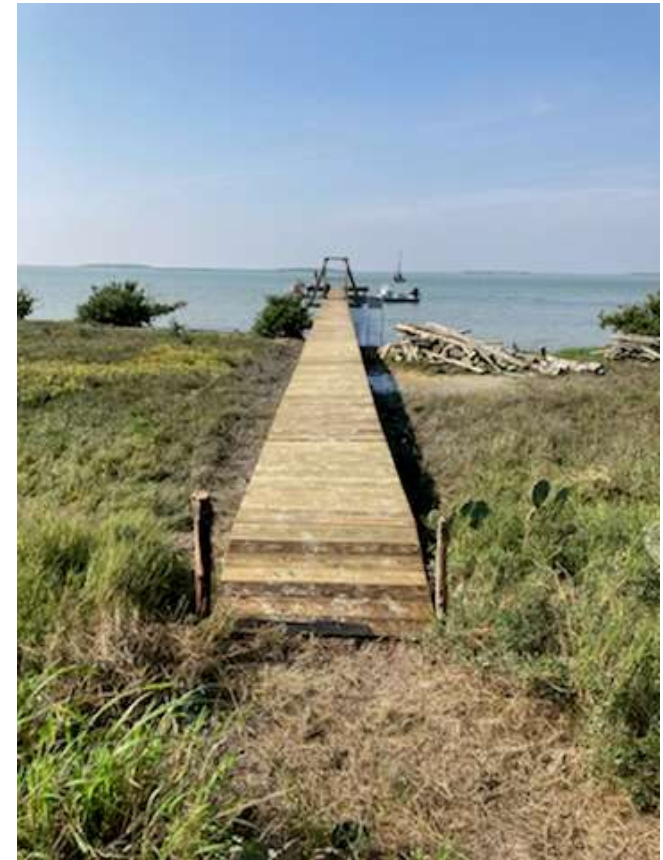
- Limited to a Pre-Approved SEP in the respondent's community that matches the respondent's violation media
- A Pre-Approved SEP cannot benefit the respondent
- Must be approved by the Commission before contribution can occur



# Third-Party Administrators

Pre-Approved SEPs are performed by Third-Party Administrators that have an agreement with TCEQ to receive contributions from respondents to perform an environmental enhancement project.

- Third-Party Administrators
  - Only governmental organizations and/or non-profit organizations
  - Must fulfill certain requirements, such as being able to receive and manage SEP funds in a separate bank account, providing a line-item budget, and complying with reporting requirements



Audubon Texas new dock from SEP funds at Green Island for conservation activities, 2022  
(SEP No. 2011-52)

# Pre-Approved SEP Examples

- **Air SEP Examples:**
  - **Air quality:** School bus replacement, energy efficiency upgrades
  - **Air monitoring:** Establishing air monitoring networks
- **Water and Waste SEP Examples:**
  - **Collection events:** Tires, household hazardous waste
  - **Habitation restoration, preservation, and acquisition projects**
  - **Water quality:** Wastewater and drinking water assistance for low-income households, clean up events
  - **Water monitoring:** Establishing water monitoring networks



# Pre-Approved SEP Process

- Governmental organization or non-profit must submit an application to TCEQ
- Once approved, the SEP is added to the Pre-Approved List on the SEP webpage and is eligible to receive contributions from respondents
  - <https://www.tceq.texas.gov/compliance/enforcement/sep/pre-approved-seps.html>
- Third-Party Administrator performs the SEP and reports quarterly to TCEQ
- Once SEP is completed, Third-Party Administrator submits final report

8/03/2021

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## PRE-APPROVED SUPPLEMENTAL ENVIRONMENTAL PROJECTS (SEPS) LIST<sup>1</sup>

### STATEWIDE SEPS

All Texas counties may have an eligible SEP through several non-profit and state agencies that have agreements with TCEQ that allow these organizations to provide SEP options statewide. These SEPs are known as "Statewide SEPs." View the list of available Statewide SEPs on the TCEQ SEP website at [Statewide SEPs](#). (pdf) The TCEQ is committed to accessibility. To request a more accessible version of this document, please contact the TCEQ SEP Program at (512) 239-2223 or [sepreports@tceq.texas.gov](mailto:sepreports@tceq.texas.gov)

### SEPS BY MEDIA

#### AIR PROJECTS

No.	RECIPIENT OF SEP FUNDS	PROJECT TITLE	PROJECT DESCRIPTION (HYPERLINKED BELOW)	MINIMUM CONTRIBUTION	ENFORCEMENT MEDIA	ELIGIBLE COUNTIES
1.	Anahuac Independent School District	2013-18 Clean School Bus Project	<a href="#">Replace a model year 1995 bus with a 2010 or newer bus.</a> (pdf)	\$1,000	AIR, IHW <sup>2</sup> , MM <sup>3</sup> , PST <sup>4</sup>	Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Harris, Liberty, Matagorda, Montgomery, San Jacinto, Walker, Waller, and Wharton
2.	Booker Independent School District	2015-01 Booker ISD SEP School Bus Project	<a href="#">Replace older school buses with new, low emission buses.</a> (pdf)	\$100	AIR, IHW <sup>2</sup> , MM <sup>3</sup> , PST <sup>4</sup>	Armstrong, Bailey, Briscoe, Carson, Castro, Childress, Cochran, Collingsworth, Crosby, Dallam, Deaf Smith, Dickens, Donley, Floyd, Garza, Gray, Hale, Hall, Hansford, Hartley, Hemphill, Hockley, Hutchinson, King, Moore, Motley, Lamb, Lipscomb, Lubbock, Lynn, Ochiltree, Oldham, Farmer, Potter, Randall, Roberts, Sherman, Swisher, Terry, Wheeler, and Yoakum

# Allowable Third-Party Administrator SEP Expenses

- Direct cost of the project, including:
  - Supplies
  - Materials
  - Equipment
  - Contracted labor
- Administrative costs (discretionary)
  - Limited to Local Governments as defined in Texas Water Code §7.067(b)(1) and non-profits
  - Cannot exceed 10% of the direct cost of the project
  - Includes:
    - Salary and fringe benefits
    - Travel and per diem
    - Overhead costs

# Pre-Approved SEPs

Currently, 39 operational Pre-Approved SEPs

Examples:

## **Texas Association of Resource Conservation & Development Areas (Texas RC&D):**

- Household hazardous waste and tire collection events
- Repair/replace failing septic systems for low-income residents
- Cleanup of unauthorized dumpsites

## **Houston-Galveston Area Council:**

- Retrofit/replace older, diesel school buses

## **Bayou Land Conservancy:**

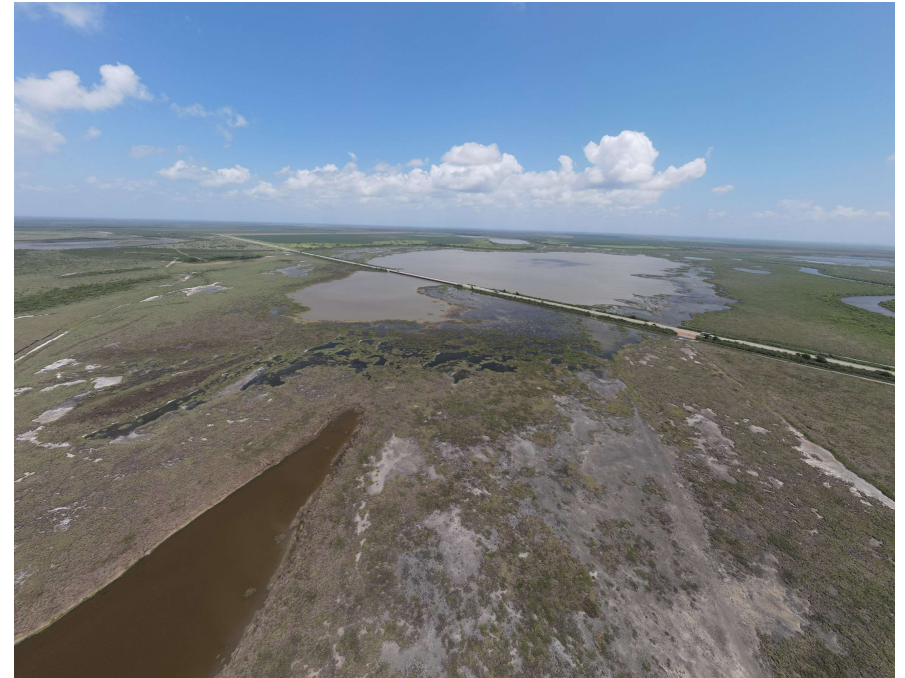
- Preservation and restoration of 600 acres along San Jacinto River



Texas RC&D Tire Clean Up Event in  
Ellis County, October 2020  
(SEP No. 2012-03)



The City of Morgan's Point planted approximately 600 native trees on the Colonel James Morgan New Washington Prairie (SEP No. 2016-07)



Guadalupe-Blanco River Trust conducts property visits and landowner outreach for shorebird habitat enhancement and conservation in the Texas Coastal Bend (left). Shorebird and waterfowl habitat assessment and priority habitat targeting in the Texas Coastal Bend (right). (SEP No. 2011-55)



**“Thank you so much for TCEQ’s support of this SEP event. It is truly amazing how so many people come together on this day to protect our natural resources of the state. 1,000% inspiring!”  
—Gulf Coast Authority after the River, Lakes, Bays 'N Bayous Trash Bash  
(SEP No. 2010-002)**





Texas RC&D held three tire recycling events in Haskell County in Spring of 2021, collecting over 1800 tires from residents (SEP No. 2012-03)



Texas RC&D replaced a non-functional septic system for a resident in Collin County, Texas (SEP No. 2012-07)

“The Texas Association of RC&D Areas accomplished the following during the past 12 months:

- Collection and Disposal of abandoned tires—  
19 projects for \$118,364.00 (39,454 tires)
- Unauthorized Trash collection and disposal—  
9 projects for \$40,507.00 (540 cubic yards)
- Failing Septic Systems replaced/repared—  
24 systems for \$215,753.00 (low-income households)
- Household Hazardous Waste collections—  
4 projects for \$33,059.00 (includes e-waste)
- Clean School Buses—  
2 projects for \$133,094.00 (replaced old diesel buses with low emission buses)

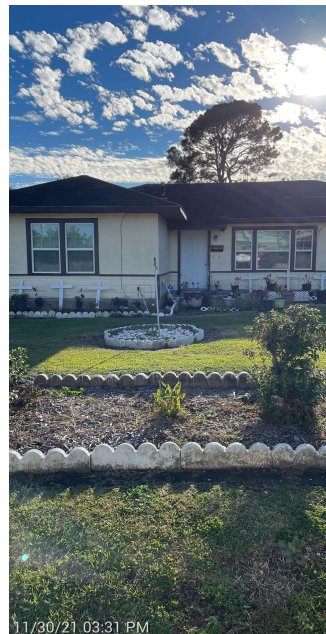
Total SEP project expenditures—\$540,777.00”

—Jerry Pearce, Secretary/Treasurer, Texas RC&D

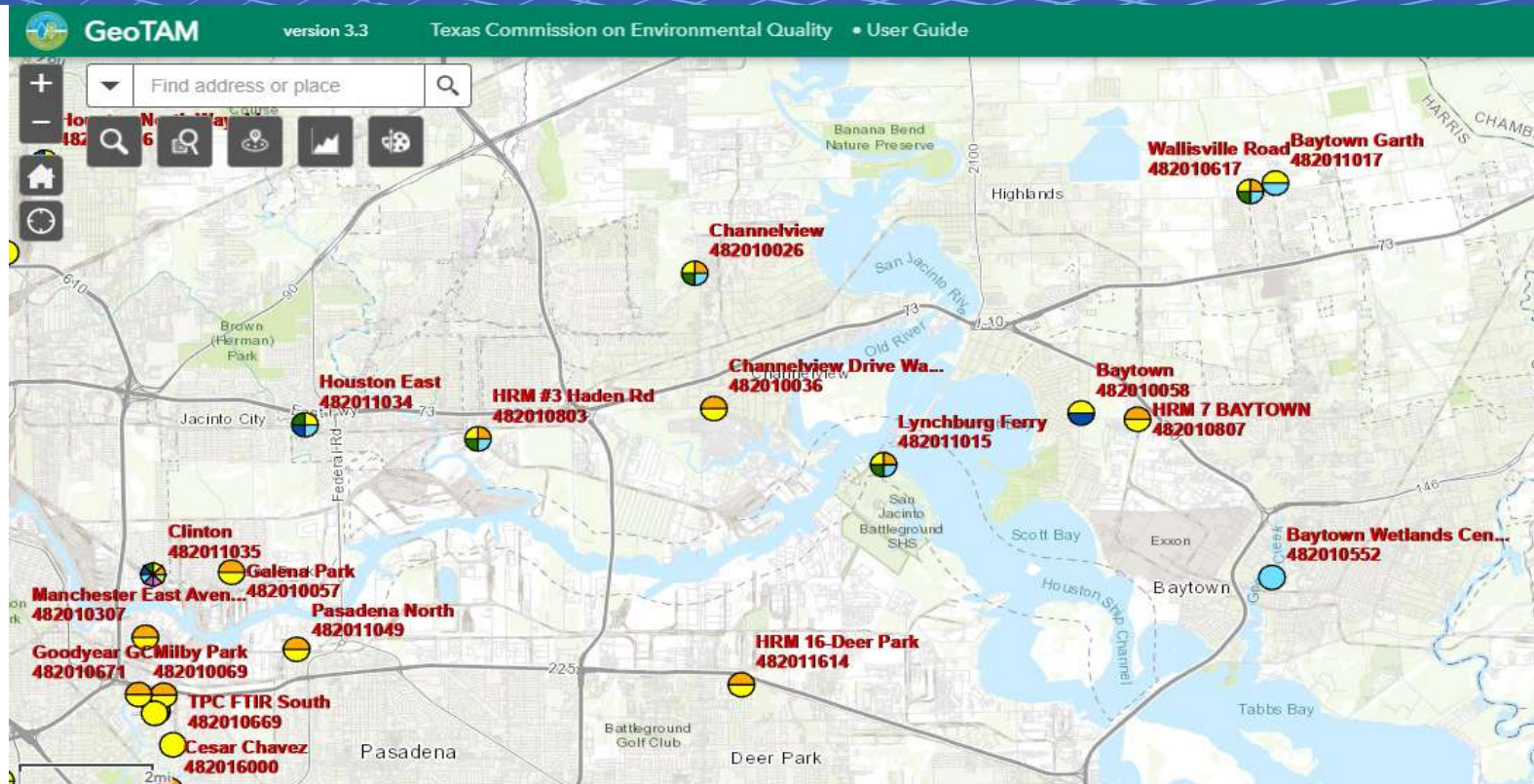




Angelina Beautiful Clean hosted a Household Hazardous Waste Collection event on March 5, 2022, collecting over 8 tons of waste from residents and sorted for proper disposal (SEP No. 2011-23)



Southeast Texas Regional Planning Commission assists low-income homeowners within the City of Port Arthur by (1) conducting home energy inspections and audits; (2) weatherizing and performing energy efficient improvements to homes; and (3) repairing or replacing heating/cooling systems with new, energy efficient equipment (SEP No. 2011-33)



Screenshot from TCEQ's web-based Interactive Air Monitoring Map, highlighting a site from the Houston Regional Monitoring Corporation SEP (SEP No. 2011-013)

"Air quality data provided by these SEPs adds to a better understanding of regional photochemistry and supports evaluation of air quality in the region."

—Chris Owens, Technical Specialist, TCEQ Air Quality Division

Rob Douglas, Aransas County Transportation Director, with a natural gas bus funded through SEPs administered by the Texas Natural Gas Foundation and Texas RC&D.

"As a result of [last] February's freezing weather, we were told we wouldn't receive diesel deliveries for at least a month," said Douglas. "Since half our fleet is natural gas, we were able to get our kids to school and events with no problem. Even during the freeze, when road traffic was shut down, our gas pipeline was still delivering natural gas."

(SEP No. 2016-10)



The Texas Natural Gas Foundation funded one of these natural gas buses and the Texas Congress of Parents and Teachers funded the other two.

Texas Natural Gas Foundation indicates that these 3 Fort Bend ISD buses were part of a pilot program of 30 buses. It has been so successful that the district plans to continue to add 30 new natural gas buses every other year.

(SEP Nos. 2016-10 & 2011-014)





Through the North Central Texas Clean School Bus Program, Denton ISD was able to replace two diesel school buses with two newer, propane school buses (left), and Garner ISD was able to replace three older diesel school buses with three newer, lower-emitting diesel school buses (right)  
(SEP No. 2011-07)



# FY 2019, 2020, 2021, & 2022 Stats

<b>FY 2019</b>	<b>Number of SEPs</b>	<b>Sum of Offset Amount</b>
Compliance	39	\$973,267.00
Contribution	113	\$1,723,420.00
Custom	1	\$12,893.00
<b>Total</b>	<b>153</b>	<b>\$2,709,580.00</b>
<b>FY 2020</b>	<b>Number of SEPs</b>	<b>Sum of Offset Amount</b>
Compliance	51	\$1,311,823.00
Contribution	145	\$2,860,351.00
Custom	3	\$39,679.00
<b>Total</b>	<b>199</b>	<b>\$4,211,853.00</b>
<b>FY 2021</b>	<b>Number of SEPs</b>	<b>Sum of Offset Amount</b>
Compliance	29	\$704,910.00
Contribution	107	\$1,649,829.00
Custom	3	\$28,810.00
<b>Total</b>	<b>139</b>	<b>\$2,383,549.00</b>
<b>FY 2022</b>	<b>Number of SEPs</b>	<b>Sum of Offset Amount</b>
Compliance	18	\$511,142.00
Contribution	53	\$921,069.00
Custom	2	\$28,461.00
<b>Total</b>	<b>73</b>	<b>\$1,460,672.00</b>

# SEP Accomplishments

- From 2017-2022:
  - 43 diesel school buses were replaced with new alternative fuel school buses
  - 92 Household Hazardous Waste events, tire clean up events, and tire collection events were performed
  - 64 septic systems for low-income homeowners were repaired or replaced
- Currently, 19 air monitors located throughout the state are funded by SEPs

# SEP Team Contact Information

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## **Gitanjali Yadav**

Deputy Director, Litigation Division

[Gitanjali.Yadav@tceq.texas.gov](mailto:Gitanjali.Yadav@tceq.texas.gov)

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## **Barrett Hollingsworth**

SEP Attorney, Litigation Division

[Barrett.Hollingsworth@tceq.texas.gov](mailto:Barrett.Hollingsworth@tceq.texas.gov)

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## **Adena Crider & Betty Sanders**

SEP Coordinators, Litigation Division

[SEPReports@tceq.texas.gov](mailto:SEPReports@tceq.texas.gov)