



Stakeholder Meeting

Supplemental Environmental Project (SEP)
Program Guidance Document Revision

Overview: SEP Program

- A SEP is a voluntary environmental enhancement project, included in a TCEQ administrative enforcement action, that allows eligible penalty amounts to be offset toward environmental improvements rather than being paid into the state's general revenue fund.
- [Texas Water Code § 7.067](#)
- Approved through Commission or Executive Director issuance of associated agreed orders.

Purpose of SEPs



Prevent pollution



Reduce the amount of pollutants reaching the environment



Enhance the quality of the environment



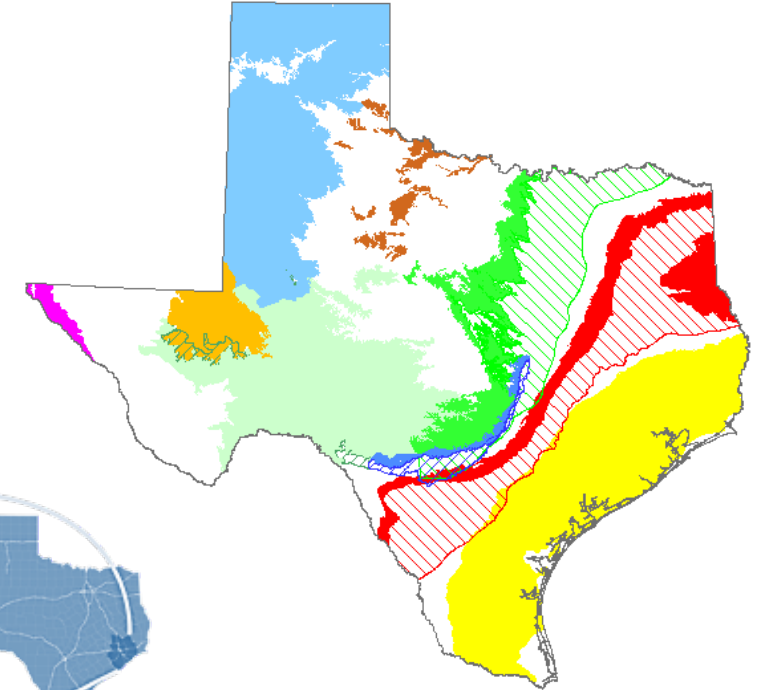
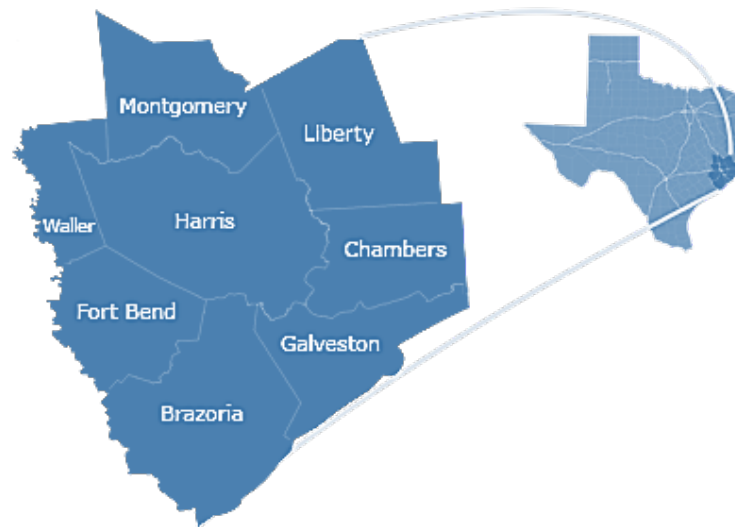
Contribute to public awareness of environmental matters

Types of Respondent SEPs

- **Contribution SEP** – any respondent can contribute to an existing project administered by a Third-Party Administrator that has an existing SEP Agreement. TCEQ maintains a list online of pre-approved SEPs available for contribution.
- **Custom SEP** – any respondent can design and perform their own environmental project. The project must have environmental benefit for the community and cannot address/resolve violations or directly benefit from the project.
- **Compliance SEP** - available exclusively for eligible “local governments,” as defined by statute. TCEQ may approve a SEP that is necessary to bring a respondent into compliance with environmental laws or remediate environmental harm caused by the respondent’s violation(s).

SEP Location

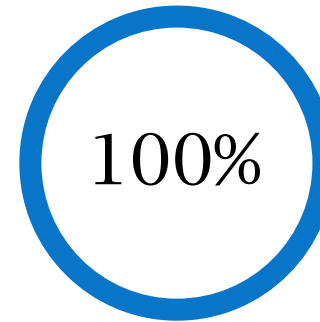
- Preference given to benefit the **community** in which the alleged violation occurred
- Community can extend beyond city or county, and can include:
 - River Basin
 - Watershed
 - Airshed
 - Aquifer
 - Nonattainment Area



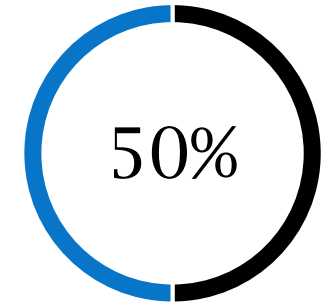
Above: Texas Major Aquifers
Left: Houston-Galveston-Brazoria
Air Attainment Area

How Environmental Penalties Can Benefit Communities

- Penalties are offset (redirected) towards environmental projects
- No reduction in amount paid by respondent
- Offset depends on:
 - Type of Respondent
 - Type of Environmental Benefit



 Governments/Non-Profits
Maximum Offset



 For-Profit/Individuals
Maximum Offset

Types of Environmental Benefit Projects

Direct Benefit:
Immediate environmental impact; maximizes offset

- Habitat Restoration, School Bus Replacement, Tire Collection Event

Indirect Benefit:
No immediate or direct impact; partial offset

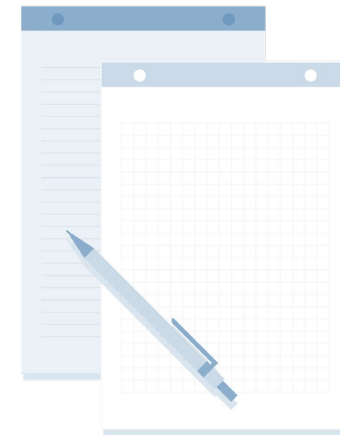
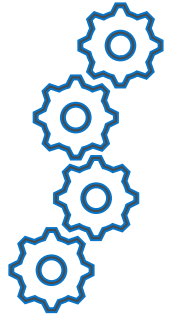
- Educational, Training and Licensing, and Public Awareness Projects

Mixed Benefit:
Combination of direct and indirect; partial offset

- Household Hazardous Waste Event and Education Training on Proper Disposal Method

Why Changes Are Being Made?

- 2015-last update to guidance document
- Improve consistency, program verbiage, and align with current agency practices
- Reduce processing time and streamline negotiations for enforcement settlement
- Continue to provide environmental benefits to communities by increasing participation



Key Program Changes

General changes to language to improve clarity, conciseness, and consistency

Elimination of media type limitation for Contribution SEPs

Adjustment of offset limitations for indirect benefit SEPs

Flexibility in the application process

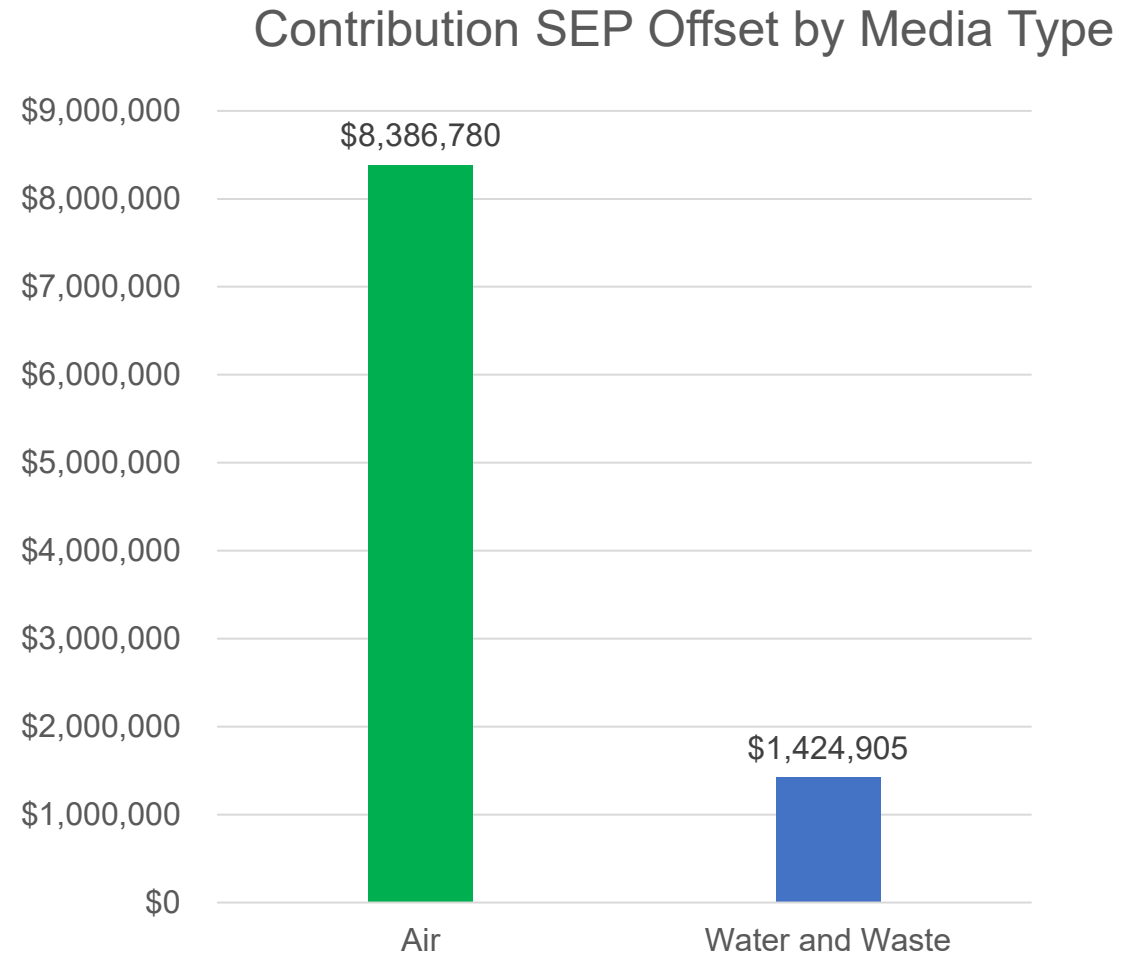
Removing Media Limitation

- Current: SEP Contributions are limited by violation media type.

Air Violations → Air SEPs Water/Waste Violations → Water/Waste SEPs

- Proposal: Projects can receive contributions regardless of violation media
- Benefits:
 - Increase community impact
 - More options for respondents

Removing Media Limitation



(9/1/2022 – 4/1/2026)

Environmental Benefit Offset Increase

Current: Indirect SEPs have a maximum of 33% offset regardless of respondent

Respondent	Direct Benefit	Mixed Benefit	Indirect Benefit
Individual	50%	50%	33%
For-Profit/Corporation	50%	50%	33%
Non-Profit	100%	50%	33%
Governmental Entity	100%	50%	33%

Environmental Benefit Offset Increase

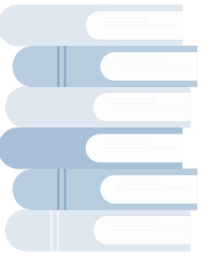
Proposal: Indirect Benefit SEPs will have a maximum of 50% offset

Respondent	Direct Benefit	Mixed/Indirect Benefit
Individual	50%	50%
For-Profit/Corporation	50%	50%
Non-Profit	100%	50%
Governmental Entity	100%	50%

Environmental Benefit Offset Increase

Benefits:

- Meet core purpose of public awareness
 - To date there are no SEP funds that have been used toward an indirect project
- Support environmental education and training programs
 - Licensing training for drinking water and wastewater operators or first responders
- Continue community engagement and assist local initiatives and non-profits
- Simplify the process
- Awareness can be the most cost-effective environmental strategy
- Indirect and direct benefits are complementary not competing



Standard Application Process

- Current: Respondents required to submit formal SEP application
- Proposed: Agency, at its discretion, may authorize the use of alternative submission methods such as checklist, short form, or verbal confirmation
- Benefits:
 - Improves efficiency
 - Allows faster settlement
 - Flexibility to future changes in the enforcement process or SEP application process
 - Encourages participation



What Did NOT Change?



Environmental benefit still required



All projects must still meet eligibility and reporting requirements



Preference to benefit community where violation occurred



Voluntary to participate in the program

Next Steps

- Submit written stakeholder comments by 11:59 p.m. on April 30, 2026
- After comment period expires, will review and consider submitted comments
- Present the guidance document at Commissioners Agenda for approval
- Guidance document becomes effective



Thank you for participating in this stakeholder meeting. Your participation is vital to the continued improvement of our agency.

Written comments:

Mrs. Adena Crider, MC 175
TCEQ - Office of Legal Services
P.O. Box 13087
Austin, TX 78711-3087

Electronic Comments: **SEPReports@tceq.texas.gov**