IN THIS ISSUE . . .
- The Oil Price Rollercoaster
- Storage Contango Update
- Overfill Protection
- Hot Working and Safety
- Environmental Permits as Assets
- Optimising Greenhouse Gas Emissions
- ILTA 2010 Preview
Environmental permits
assets, not liabilities

Gail Corrigan & Gilbert M Long, PE, of Corrigan Consulting, Inc, suggest companies need to rethink their attitude towards environmental permits

It pays to get the right permit conditions

Many companies still regard their environmental permits as a nuisance at best, and a waste of effort and money at worst. Facilities obtain them, perform the required monitoring under the terms of the permit, and generally try to ignore their existence whenever possible. We believe that this view does not recognise the value of the permit, especially for the future of the business enterprise being permitted. Potential near-term changes in environmental law may render the value of some permits cash-positive!

It is true that an environmental permit sets limits on the operation of a facility. There will usually be numerical limits for various chemicals discharged to air, surface water or landfills, with more frequent monitoring of indirect parameters such as opacity or visible solids. This places some restrictions on how much material the facility can process, and can delay the installation of new equipment (even if the new equipment reduces the amount of waste discharged) while a permit modification is obtained. And all this costs time and money that does not directly contribute to the income of the facility.

However, in an era when most activities are regulated, a permit to discharge any form of waste is definitely an asset, especially in highly industrialised zones where the regulatory community is under tremendous pressure from the public to reduce emissions or discharges. Terminals usually operate in these environments, and thus a permit is more than just a cost of doing business: it is an asset in its own right.

The major liability that a permit creates is the risk of operating outside the permit limits. This can result in citations, fines and possibly enforcement actions by the regulatory agencies. Therefore, it pays to get the right permit conditions, and this becomes an asset.

General Permit Benefits

Most facilities run under some form of Operating Permit. This constitutes permission for the facility to accomplish its purpose, and the permitting agency (or agencies) is frequently a local government that relies on permit fees for revenue. It almost always grants the permitting agency the right of inspection. This is truly a cost of doing business.

It is also a form of license. Your operating permit can be considered in the same vein as a driver’s license; you can’t do your business without it. A driver’s license is definitely an asset; so is your operating permit.

Air Permit Benefits

An air permit usually quantifies the chemicals you are permitted to release into the atmosphere on an annual basis, and sets a variety of measurement standards that must be conducted to demonstrate compliance with the permit limits. However, those limits are also a form of permission, and in quality non-attainment areas (many industrialised areas), that permission getting harder to obtain. With cap-and-trade legislation in some countries, the difference between your permitted limits and your actual emissions is worth cash; definitely an asset!

In the US, trading in carbon credits is already occurring in anticipation of this type of legislation as part of the present administration’s climate initiative.

If you have obtained an air permit that gives your facility some flexibility in operation (which you should), improvements to the operation that reduce emissions will generate additional capacity and may be sold if you do not anticipate using the capacity in the future. That is a tangible asset! Some care needs to be exercised in evaluating this option, because future changes in operations may require that you use some or all of the “unused” permit capacity in order to legally tranship new products or provide increased throughput.

Water Permit Benefits

Similarly, your water discharge permits (usually National Pollution Discharge Elimination System [NPDES] permits for process and/or storm water) constitute permission for release. Such water releases are largely unavoidable at terminals, and the permit limits and monitoring requirements are a necessary cost of doing business.

In areas where the water quality of the receiving stream has been degraded sufficiently to require a Total Maximum Daily Load (TMDL) limit for a testing parameter, your permitted discharge limits may be reduced but you will at least have a position at the bargaining table to allow you to continue to operate. A TMDL limit occurs when each of the permitted dischargers to a water body are operating within water discharge permit limits, but the concentration of a chemical is above the applicable surface water trigger concentration for the water body. This can occur when
Disposal Permit Benefits

There are a wide variety of disposal methods for solid and non-aqueous liquid waste streams from a facility, and this variety also builds in flexibility to the operation. Methods may include deep well injection of non-aqueous wastes, landfills of various types (hazardous, non-hazardous of several classes) that permit off-site disposal of the wastes. These facilities also have permits that allow them to operate. As a contributor to the waste streams they process, you need to consider the possibility of the waste processing operation going bankrupt or otherwise going out of business, and the disposal site entering a program such as EPA or state Superfund. Under a Superfund scenario, the state and federal agencies will seek to have the facilities that contributed the waste pay for the cleanup, usually according to the volume percentage of waste they contributed. You should consider inspections of your waste treatment facilities at regular intervals (e.g., annually) to make sure that they are managing your risk as well as theirs.

Based on this scenario, if you have a facility permit to treat solid or non-aqueous wastes that you generate (modern land farming facilities and incinerators are examples), this is an effective form of risk management in that you maintain control of the risk. It will frequently be a more cost-effective option than sending the waste elsewhere for treatment or disposal, and minimises the possibility that someone else’s sloppiness could cost you a lot of money. It also may be extended to treating waste on a commercial basis, although the permitting for this is considerably more complicated and lengthy than an individual facility permit. Similarly, deep well injection permits are generally limited to specific wastes from your facility, and extrapolation of the permit to commercial injection of others’ wastes is difficult.

So the next time you have to renew or modify an environmental permit, perhaps you will do so with a bit more awareness of its business impact and remember that good permits are assets!

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