



NRD BANKING PROGRAM



December 13, 2016



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ACT 362 OVERVIEW

- HB 640 signed by Gov. Edwards on 6/5/16 as Act 362 which became effective 8/1/16 as La. R.S. 49:214.5.2 (H), (I) & (J)
- Authorizes CPRA Board to establish a Natural Resource Damage restoration banking program and an oil spill compensation schedule.
- Incentivizes private investment in Coastal Master Plan projects.
- Provides an alternative approach for restoring/mitigating damages caused by oil spills in coastal Louisiana.



THE NEED FOR A LOUISIANA PROGRAM

- The loss of Louisiana's coastal wetlands will have devastating economic, environmental, and social consequences.
- The Coastal Master Plan serves as the State's blueprint for achieving a sustainable, long-term solution.
- Implementation of the Coastal Master Plan will require significant funding over the next 50+ years.



NRD RESTORATION BANKING

- Incentivizes private investment in coastal restoration to address natural resource damages liability under the Oil Pollution Act.
- Allows private investors to undertake large-scale restoration projects, generating credits that Responsible Parties (RPs) could purchase to resolve liabilities for certain oil spills.
- Current eligibility
 - Applies solely to oil spills as defined by OPA;
 - Limited to Louisiana coastal waters (La. R.S. 49:214.2(4)); and
 - Proposed banking project must meet criteria set forth in rules and regulations.



OIL SPILL COMPENSATION SCHEDULE

- Act 362 authorizes the development of a compensation schedule to quantify liability for oil spills in coastal waters.
- Compensation schedule will be used to quantify natural resource damages resulting from an unauthorized discharge of oil in the Louisiana coastal area.
- Compensation schedule will also be utilized to determine the number of credits an RP would need to purchase from an NRD restoration bank to resolve NRD liability.



WHAT WILL THE REGULATIONS DO?

- Set forth procedures for certification and establishment of restoration banks.
- Establish authority to certify restoration banks which meet specified criteria.
- Give preference to restoration banks projects that are consistent with the Master Plan.
- Ensure banks have secured adequate financial security and assurances.



WHAT WILL THE REGULATIONS DO?

- Establish criteria for determining service areas for banks.
- Establish criteria for operation and monitoring of banks.
- Establish ecological success criteria or performance standards for restoration banks.
- Establish long-term management plan.
- Establish system for calculating credits.
- Establish system for transfer or sale of credits to a Responsible Party or Natural Resource Trustee.




OIL SPILL: RESTORATION CREDITS OR ACTUAL RESTORATION?

- After an oil spill, the trustee agencies will perform a pre-assessment screening and determine the appropriate path forward:
 1. Perform a formal damage assessment and develop a restoration project/plan; or
 2. Use the oil spill compensation schedule; and/or
 3. Qualify spill for purchase of credits to resolve RP liability.



WHAT ARE THE BENEFITS OF RESTORATION BANKS?

- Coastal restoration projects are implemented before oil spills occur through private investment in Master Plan projects.
 - Restoration banking program will fund the implementation of those large-scale restoration projects by authorizing the RP to purchase credits generated from the NRD restoration banks.
 - The NRD Restoration Bank Sponsor assumes responsibility for the success of the proposed project.
 - For qualifying spills, RPs can bypass the formal damage assessment process, saving time and money.
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PROGRESS TO DATE

OUTREACH

- Stakeholder/Federal Agency Outreach
 - Met with NOAA in September and DOI in October
 - Ongoing coordination
- Mitigation Banking Industry Outreach
 - Met with Mitigation Banking Industry in October
- Responsible Party (oil & gas) Industry Outreach
 - Met with Oil and Gas Industry early December
- State Trustee Outreach
 - Ongoing coordination with LOSCO
 - Met with *DWH* Trustees on November 28, 2016



REGULATIONS

- Prepared draft of the framework and regulations
 - To be finalized early December
- Working on Compensation Schedule
 - To be completed end of March 2017





NEXT STEPS

OUTREACH

- Public Outreach
 - Information will be posted on CPRA's website
 - Release White Papers
 - Media/Press considerations
- Landowner Association
 - To be scheduled
- Oil and Gas Industry/Responsible Party Outreach
 - Will schedule another meeting to discuss the compensation schedule regulations (February)



CREDIT METRICS AND COMPENSATION SCHEDULE

- Development of Credit Metrics and Compensation Schedule
 - Use historical data to tie spills to natural resource injury
 - Determine appropriate compensation in compliance with OPA
 - Louisiana may use tiers depending on the size or complexity of the spill

- To be completed end of March 2017



FINALIZATION OF BANKING REGULATIONS

- Legislative Review During 2017 Session
 - House Committee on Natural Resources & Environment
 - Senate Committee on Natural Resources
- Timeline
 - Publish NOI January 2017
 - 3-12 months from publication of NOI to Final Rule (varies based on level of public participation and Legislative urgency)





QUESTIONS?



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