COMPENSATION UNDER NRDA: 6 MINUTES THAT WILL CHANGE YOUR LIFE

2023 ENVIRONMENTAL SUPERCONFERENCE

HOUSTON TEXAS

I WAS GIVEN 2 OBJECTIVES

- 1. Introduce Yourself
- 2. Talk about the economics and science of compensation in the context of natural resource damage assessment



WHO IS JEFF WAKEFIELD?



COMPENSATION UNDER NRDA: 6 MINUTES THAT WILL CHANGE YOUR LIFE SWCA

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SCIENCE, ECONOMICS, NRDA & COMPENSATION

• I started here...

SUBTITLE HERE

and ended there





THESE ARE THE THINGS I SAID MATTERED!

WHAT IF SOMEONE TOOK ONE AWAY & SPOILED ANOTHER?

SCIENCE, ECONOMICS, NRDA & COMPENSATION

- When someone removes or damages something you care about, even if they eventually fix it, you're a little worse off

 Economists call this a "utility loss"
- If, later on, that someone gives you more of something you care about, even if it eventually goes away, you're made a little better off – Economists call this a "utility gain" (we're not so creative)
- If they give you just the right amount of stuff, we say you're "compensated"...no net change in wellbeing considering the initial loss and the eventual gain!

PROVIDE ENOUGH EXTRA DUCKS VIA ECOLOGICAL RESTORATION & UTILITY IS RESTORED

HE FISH ARE BACK!

- How do we figure out how much ecological restoration is enough?
 - In NRDA we call it Restoration Scaling
 - HEA, REA, TEA Practice without theory is like the sailor who boards ship without a rudder and compass and never knows he is lost"

Leonardo da Vinci

• *NRDA Damages* (the amount the RP must pay) are set equal to the cost of implementing scaled restoration



SWCA

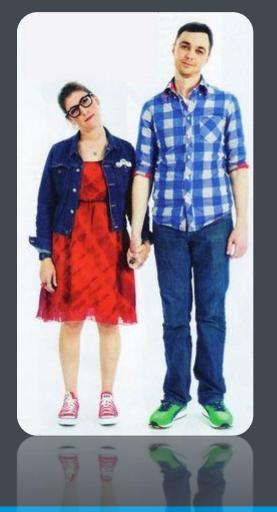
BUT THERE IS A PROBLEM: THE SCALING THING COSTS \$

- The legislators who created OPA and NRDA decided the RP must pay for everyone's reasonable assessment costs
 - Paying assessment costs is good incentive for the RP to be efficient
 - Not getting re-imbursed is good incentive for Trustees to be reasonable

ONE LAST THOUGHT...

- HEA, REA & TEA are the worst...except for everything else
- They can facilitate cooperative assessments by providing a common framework populated with facts, data & assumptions
- A colleague summed it up nicely
 - Most spills are accidents; both RPs and Trustees are generally committed to the public good
 - Assumptions need to be grounded and can't offend sensibilities...on either side
 - Few NRDAs (OPA or CERCLA) go to litigation so cooperate, be civil, use the available tools to get to the finish line

Civility & Cooperation Should rule



SOUND SCIENCE. CREATIVE SOLUTIONS.

