

SWCA

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



SUBTITLE HERE

WHO IS JEFF WAKEFIELD?



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SCIENCE, ECONOMICS, NRDA & COMPENSATION

- I started here...
and ended there



I just need
the main ideas



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THESE ARE THE THINGS I SAID MATTERED!



WHAT IF SOMEONE TOOK ONE AWAY & SPOILED ANOTHER?

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- 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!

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PROVIDE ENOUGH EXTRA DUCKS VIA ECOLOGICAL
RESTORATION & UTILITY IS RESTORED



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- 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



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 NRDA's (OPA or CERCLA) go to litigation so cooperate, be civil, use the available tools to get to the finish line

Civility & Cooperation
Should rule



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SW

SOUND SCIENCE. CREATIVE SOLUTIONS.