

## Consulting Insights

### Information Technology

#### Managing Environmental Compliance

Environmental compliance obligations in upstream oil and gas operations are increasingly complex, time consuming, and costly. To remain competitive, organizations must find a high-quality, low-cost solution for environmental, health, and safety compliance functions. An intelligent compliance system can help streamline activities, reduce costs, and minimize violations.

BP (formerly known as BP Amoco) instituted a prototype of an environmental compliance system built by ICF Consulting for their off- and on-shore facilities in the Gulf of Mexico. This system included an auditable database of applicable regulations and a compliance tracking and workflow management system to improve environmental performance and knowledge management.

The prototype used a secure browser-based intranet system to centralize the management of information within the Gulf of Mexico operations, as well as the flow of information to BP headquarters and government agencies.

Included was a calendar-based notification system for regulatory activities and responsibilities and an electronic library of database-linked environmental reports to eliminate duplicative data entry and simplify routine environmental reporting. The ability to view and track environmental performance at an appropriate level using tabular and map-based reports proved to be valuable. For example, line personnel could track their own performance, platform managers could track the performance of the entire platform, and unit managers could track the performance of their business unit.

The lessons learned from the BP prototype are being integrated into a more comprehensive system in conjunction with ICF Consulting's business partners Enverity and the Bureau of National Affairs.

For more information about ICF Consulting's information technology practice, please visit [www.icfconsulting.com/it](http://www.icfconsulting.com/it).

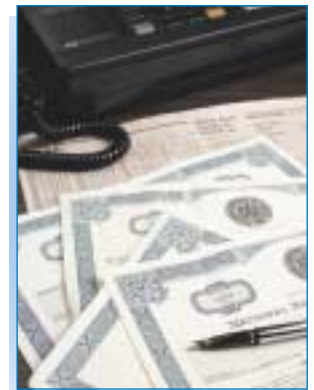
### Risk Management

#### More Coverage at Less Cost: Are there Mechanisms that Can Supplement Insurance to Provide More Coverage at a Lower Cost?

The Canadian Government wanted to increase the required amount of liability coverage for nuclear power generating stations from C\$75M to a level in the neighborhood of C\$650M. However, plant operators were understandably concerned about how this action might raise the substantial premiums being paid to the Nuclear Insurance Association of Canada even though the industry has an excellent safety record.

The Government turned to ICF Consulting to evaluate potential solutions. The analysis offered recommendations for feasible alternatives to meet the higher levels of coverage at a more cost-effective rate. ICF Consulting also anticipated issues such as the implications of making noninsurance mechanisms the primary or secondary layer of coverage.

Possible alternatives we recommended included self-insurance, financial guarantees, letters of credit, and surety bonds. By allowing these options in conjunction with insurance, the Government will give insurers an incentive to price their product more competitively. Plant operators will have lower-cost options for meeting higher amounts of coverage. The public at large benefits because it will not pay for excessive insurance costs.



ICF Consulting's analysis provided the technical basis for a novel system that allows the market to play a greater role in generating cost-effective solutions for nuclear liability coverage. The market will be able to function when alternative suppliers of acceptable coverage are allowed to participate.

For more information about ICF Consulting's risk management practice, please visit [www.icfconsulting.com](http://www.icfconsulting.com).

## Emergency Management

### FEMA's Growing Role in Supporting Terrorism Preparedness

The Federal Emergency Management Agency (FEMA) was created as a solution to problems plaguing the federal government in responding to a host of natural hazards, as well as in addressing the United States' "civil defense." FEMA became the host agency for various national programs ranging from flood insurance to earthquake hazard reduction, along with promulgating regulations governing disaster grants and making training available to state and local agencies.

Twenty years later, FEMA was increasingly being asked by its state and local partners to devote more resources to the growing concerns involving terrorism preparedness—and issues surrounding weapons of mass destruction. During the Clinton Administration, the division of responsibilities between Department of Justice (DOJ) agencies (including the Federal Bureau of Investigation (FBI)) and FEMA and its partners was defined as "crisis management (investigation/prosecution)" and "consequence management (response to and recovery from an event)", respectively. During this same time, the U.S. Congress began appropriations to a variety of training programs to be designed by federal agencies and delivered to state and local responders. As ICF Consulting has learned from its support of various FEMA and DOJ programs during the past three years, the need to identify a single point of contact in the federal government to coordinate the delivery of training and exercise programs, equipment

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grants, and other related preparedness programs and information to state and local levels of government is strong and clearly more acute since September 11, 2001. These programs appeared duplicative, uncoordinated, and confusing to state and local governments.

A significant decision was made in early 2001, when President Bush directed that a new Office for National Preparedness (ONP) be created within FEMA.

This decision acknowledged his recognition of FEMA's leadership role for "consequence management" within the federal government. Until September 11, 2001 and the subsequent creation of the White House Office of Homeland Security (OHS), ONP was widely viewed as the central location for federal government "consequence management" coordination, working as a counter-part to the FBI's program of "crisis management."

After the terrorist attacks and the creation of the OHS, it became clear that the FEMA/ONP and DOJ/ODP roles overlapped regarding state and local terrorism preparedness needs. As a result, the proposed Bush 2003 budget moves the DOJ/ODP activities to FEMA/ONP to create a "one-stop" shopping concept for terrorism preparedness resources in the federal government.

This proposal is not without some controversy, and a final organizational shift awaits the approval of the budget. These potential changes are being watched very closely by state and local officials in various responder categories, including emergency management, fire services, and law enforcement. All parties agree that the goal is to assist in the nation's preparedness through minimizing federal bureaucratic entanglements and maximizing available resources.

ICF Consulting has been in the unique position of supporting both a DOJ/ODP and a FEMA/ONP contract, performing state and local preparedness exercises in the former and helping with start-up of the new FEMA organization in the latter. For more information about ICF Consulting's emergency management practice, please visit [www.icfconsulting.com/em](http://www.icfconsulting.com/em).

