

Consulting Insights

Energy

SO₂ Allowances Are a Strong Buy



Sulfur dioxide (SO₂) allowances, which are issued by the U.S. Environmental Protection Agency (EPA) to major electric power plant emitters are currently undervalued given energy-market fundamentals. That is the conclusion of John Blaney, a senior vice president with ICF Consulting's energy practice.

With EPA's market-based approach to controlling emissions, utility companies can trade these allowances among themselves instead of adopting other strategies to come into compliance with the Clean Air Act, such as installing SO₂ scrubbers in their coal-fired power plants. In 1996, ICF Consulting predicted that the SO₂-allowance price, which was \$75 at the time, would eventually rise to \$200 or higher. In June 1999, the price peaked at \$212, but has since settled at around \$150. On March 27, EPA conducted an auction to sell 250,000 additional allowances.

Blaney believes that SO₂ allowance prices have been driven lower by a misreading of recent EPA lawsuits. EPA has sued 10 utilities for non-compliance with the New Source Review requirements of the Clean Air Act. Market players apparently fear that these lawsuits will create a surplus of allowances, as these utilities are required to install scrubbers, which will decrease their reliance on allowances. But Blaney believes that if EPA prevails, it either will adopt a market-based solution in which the total allocation of SO₂ allowances is significantly reduced or will simply retire the allowances held by seven utilities as it has already done with the one utility with which it has already reached an agreement. Either scenario will lead to higher prices. Blaney still believes that buying SO₂ allowances now is a strong investment, and that their price will rise significantly above current levels over the next few years. ■

Information Management

Improving Web Content While Reducing Cost

Current, rich content attracts Web site visitors, but stale or irrelevant content can drive clients and customers away. Moreover, traditional content updating methods are costly and time consuming. Annual maintenance expenses for a Web site may run up to 90 percent of the development cost. Part of the reason for high maintenance cost and updating bottlenecks is that content experts and communications professionals are not typically making Web site content changes. Instead, skilled Web developers make the changes, driving up cost and delaying updates.

Content management solutions that include the following critical elements will improve the quality and speed of updating Web site content, while reducing the cost:



- Dynamic, automated system that generates content “on the fly” from back-office systems
- Easily deployed, low-maintenance, and scalable content management system
- Multi-user infrastructure that allows geographically dispersed editors to update content
- Work flow and approval process to retain the quality of the content
- Common graphic and design elements to reduce customization

To address these needs, ICF Consulting developed its WebAssistSM to power a growing number of Web sites including the United Nations' award-winning Global Compact Web site (www.unglobalcompact.com). ■

Environment

Improving Efficiency by Integrating Environmental, Quality, and Health and Safety Management Systems

It is widely held that businesses can operate more efficiently if they properly integrate their environmental, quality, and health and safety management systems. Despite the clear benefits of integrating these systems, it is unusual to find businesses that have actually accomplished it, because the integration is often viewed as an overly complex and resource-intensive undertaking.

Recently, ICF Consulting's Toronto office supported the four hydroelectric facilities of Ontario Power Generation (OPG) in registering their Environmental Management Systems to the international standard, OPG was also engaged in the implementation of an ISO 9002 compliant quality management system and the adoption of BSI OHSAS 18001 for the design of its occupational health and safety management system. ICF Consulting was engaged to ensure the effective development and implementation of these management tools and their efficient operation and alignment. OPG's three management systems were integrated by identifying the common elements—training, communication, records management, internal audits, and document control—and adapting or developing them into alignment with those of the other systems. Two other Canadian utilities have commissioned ICF Consulting to perform similar work, which suggests a growing interest among North American businesses in integrating these systems.

Economic and Community Development

Study Documents Connection between Lead Exposure in Children and Temporal Changes in IQ, Violent Crime, and Unwed Pregnancy

A recently released study, "How Lead Exposure Relates to Temporal Changes in IQ, Violent Crime, and Unwed Pregnancy," compares changes in children's blood lead levels in the

United States with subsequent changes in IQ, based on norm comparisons for the Cognitive Abilities Test (CogAT) given to representative national samples of children in 1984 and 1992. The study was written by Rick Nevin, a vice president with ICF Consulting. The CogAT norm comparisons indicate shifts in IQ levels consistent with the blood-lead-to-IQ relationship reported by an earlier study and population shifts in average blood lead for children under age six between 1976 and 1991. The CogAT norm comparisons also support studies indicating that the IQ-to-blood-lead slope may increase at lower blood lead levels. Furthermore, long-term trends in population exposure to gasoline lead were found to be remarkably consistent with subsequent changes in violent crime and unwed pregnancy. Long-term trends in paint and gasoline lead exposure are also strongly associated with subsequent trends in murder rates going back to 1900. The findings on violent crime and unwed pregnancy are consistent with published data describing the relationship between IQ and social behavior. The findings with respect to violent crime are also consistent with studies indicating that children with higher bone lead tend to display more aggressive and delinquent behavior. This analysis demonstrates that widespread exposure to lead is likely to have profound implications for a wide array of socially undesirable outcomes.

