



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION III
Chesapeake Bay Program Office
410 SEVERN AVENUE
ANNAPOLIS, MARYLAND 21403

JAN 11 2012

Dr. Chris Pyke, Chair
Chesapeake Bay Program Scientific and Technical Advisory Committee
645 Contees Wharf Road
P.O. Box 28
Edgewater, MD 21037

RE: Chesapeake Bay TMDL Economic Benefits Study

Dear Dr. Pyke:

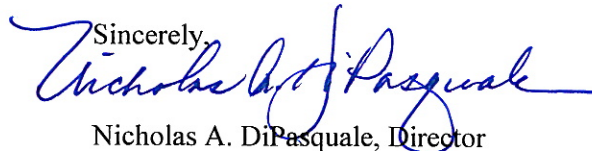
Thank you for your letter of August 16, 2011, in which you discuss the complexity of studying the benefits of implementing the Chesapeake Bay total maximum daily load (TMDL). I apologize for not responding sooner. I appreciate your insights on this effort and the reference material you cited.

EPA understands that assessing the benefits of the Chesapeake Bay TMDL is a challenging task. EPA's National Center for Environmental Economics (NCEE) has made this work a priority. The Center has a number of its economists working on this project and a significant amount of funding has been devoted to contractor support. NCEE has dedicated resources to this project that are substantial and appropriate to the extent of this effort, the plans for which include both revealed preference and stated preference approaches. NCEE's benefits analyses should be completed by the end of 2012, though it is possible that some of the work may require more time. The Bay Program staff is coordinating with NCEE to harmonize the cost and benefits studies to ensure a common baseline and consistent assumptions are used.

With regard to the Chesapeake Bay valuation studies by McConnell and Cropper mentioned in your letter, the EPA staff members conducting the TMDL analyses are keenly aware of that work. I know that those staff members have been in contact with Dr. Cropper. I agree with you that those studies make clear the challenges of conducting a benefits analysis, but in many ways the NCEE plans coincide with the recommendations Dr. Cropper offered in her scoping paper. I am confident that the current effort will be a valuable step forward in this area of study.

Finally, I appreciate STAC's ongoing coordination with EPA staff members, especially Kevin DeBell and David Simpson, by including them in STAC meetings and working with them between those meetings. I am very pleased with the productive relationship STAC has forged with the project team, and I look forward to working with you and the Committee on this issue.

Thanks again for your letter and your enduring commitment to restoration of the Chesapeake Bay.

Sincerely,

Nicholas A. DiPasquale, Director

cc: Gary Shenk
David Simpson