

# Title V Fees

## The Price of Success

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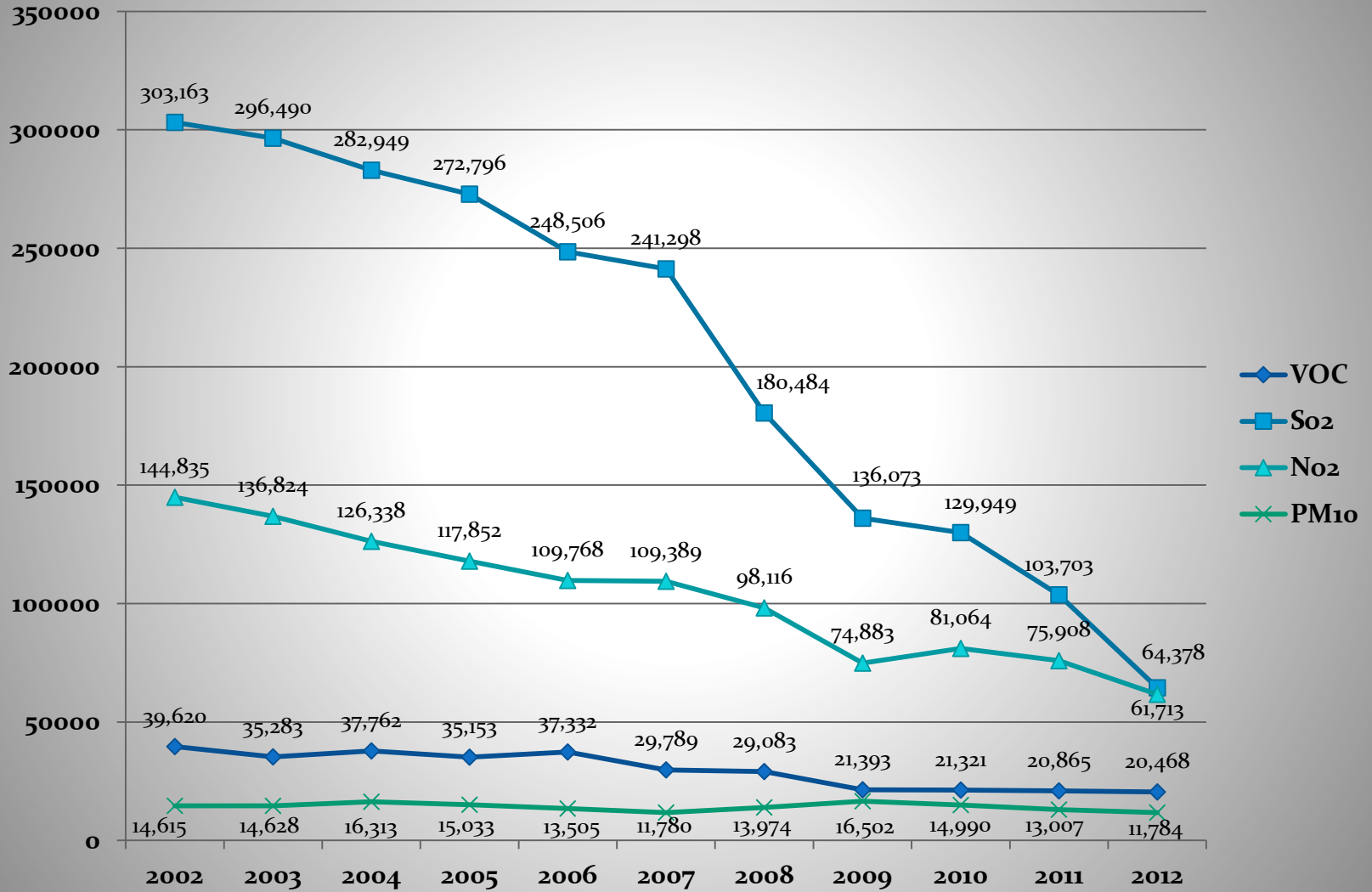
NACAA Spring Meeting – Atlanta

May 5, 2014

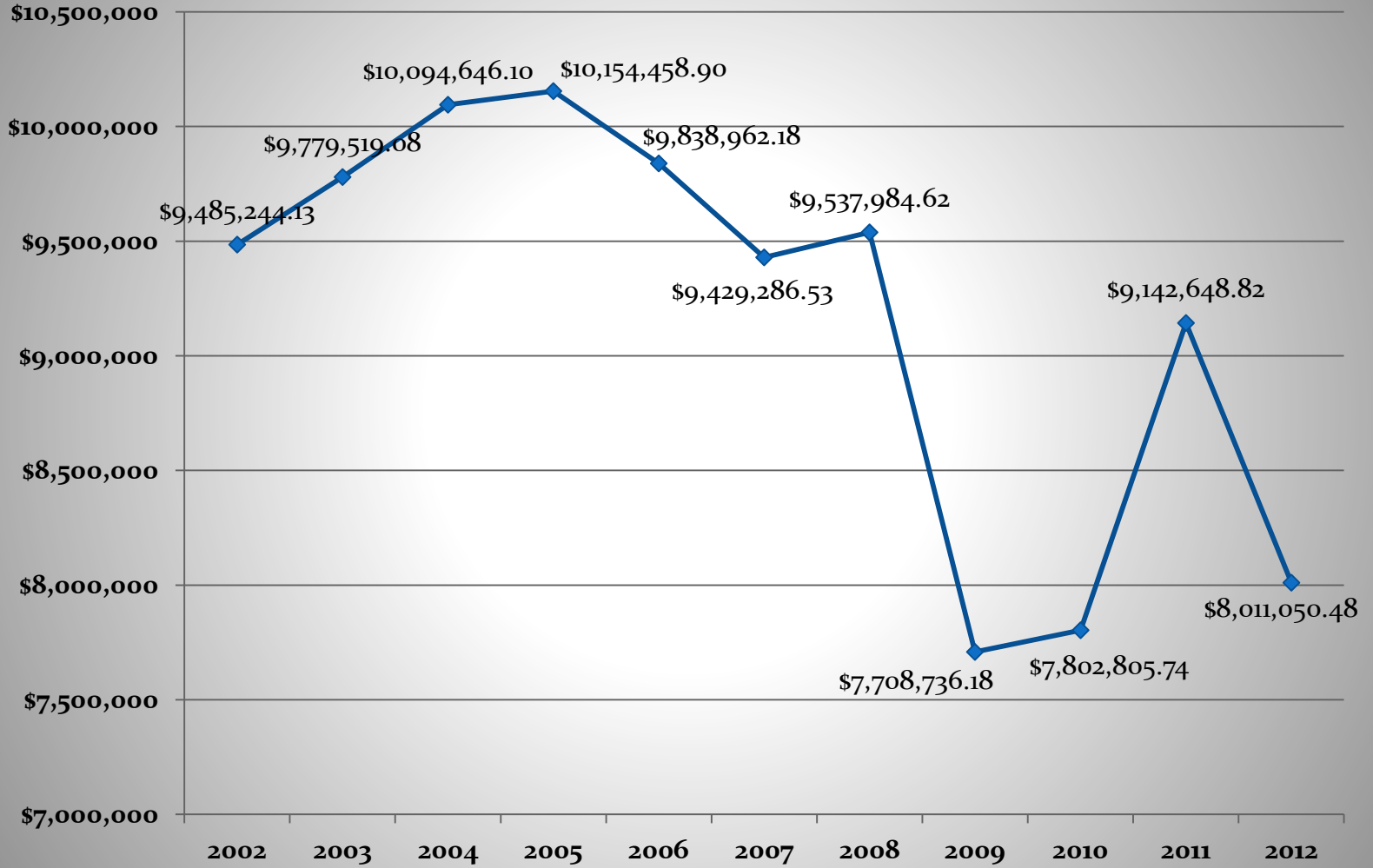
# Great Concept

- Large Sources Pay \$/ton for Pollution Emitted
- Money is Used to Fund the Air Programs Charged with Regulating these Sources
- Worked Well Until the Success of Reducing Emissions Also Reduced Funding
- Almost 300 Standards for Air (I counted)
- Emissions Decrease as Workload Increases

# REGULATED POLLUTANT EMISSIONS TRENDS



# EMISSIONS FEE REVENUE TRENDS



# Something Needed To Be Done

- Funds Needed to Maintain Program  $\approx$  \$10.8
- Obvious Something Needed to Be Done to Avoid Shortfall
- Any Changes Would Require Legislative Action
- In 2010, Established a Stakeholders Group to Find a Possible Solution
- If Stakeholders Could Agree on a Path Forward, More Likely to Get Through the Legislature

# Stakeholder Group

- Group Make-up
  - Industry (Chemical, Paper, etc.)
  - Utilities (Main Utility & Independent Power Producers)
  - Southern Environmental Law Center (SELC)
  - Military – Observer Only
- Goals
  - Successfully Demonstrate More Funds Were Needed
  - Reach Consensus

# More Than Permits

- Misconception Title V Only Means Issuing Permits
- From the State Air Pollution Control Law (Based on Part 70)
  - “The fees shall approximate the **direct and indirect costs of administering and enforcing the permit program**, and of administering the small business stationary source technical and environmental compliance assistance program as required by the federal Clean Air Act.”

# What Title V Covers

- Permitting – All Activities Related to Title V Sources and Synthetic Minor Sources
- Compliance – Inspections, Reviewing Reports, Any Compliance Activities Associated with TV and Syn Minor Sources
- Emission Inventory Work
- Modeling Associated with Permitting
- Monitoring
- Misc.



# What If.....

- Multiple Options Presented By Staff
- What If
  - Raised the Cap Above 4000 tons
    - In 2010 11 Facilities
    - In 2012 7 Facilities
  - Raised the \$/ton Emission Rate (10%, 20%, 30%, etc.)
  - Institute Application Fees (At Time Only for Major Greenfield Sources)
  - Institute Maintenance Fees to Address Compliance Costs

# Multiple Meetings

- Issues Where Consensus Was Reached
  - Yes, Something Needed to Be Done
  - Wanted DEQ to Retain the Title V Program
    - Option to Return Program to EPA
  - Use a Three Prong Approach
    - Increase Emissions Fee (\$/ton)
    - New Application Fees
    - New Maintenance Fees
- No Consensus
  - Raising the 4000 tpy Cap

# Three Prong Approach

- Establish Application Fees
  - Goal = \$800,000
- Establish Maintenance Fees
  - Goal = \$1.2 Million
- Increase Base Emission Rate Fee (\$/Ton)
  - Goal = \$8.8 Million
- Total = \$10.8 Million
- Maintains Program at Current Level (Did Not Account for Any Potential Workload Increases Due to GHG Regulations)

# Application Fees

- Survey of Other States (Of Course!)
- Historical Data
  - Over Previous 5 Years
    - Average Number of Each Type of Permit Action (Title V, Renewals, PSD, State Operating (Syn Minors), Minor NSR, Amendments AND Exemptions)
    - Regional Offices Wanted to Include Exemptions Based on the Amount of Time Spent to Process
    - Note: NSR Actions are Prioritized Over Title V Actions

# Application Fees Continued

- Workload Analysis (Started Prior to Stakeholder Meetings)
  - 14 Months
  - Each Permit Writer and Regional Permit Manager Tracked Time Based on Broad Categories
  - 42 Permit Writers, 6 Regional Permit Managers
  - Category Examples – Title V, Title V Renewals, Title V Modifications, PSD, Minor NSR, Minor NSR Amendments, etc.
  - Needless to Say, Very Unpopular with Staff

# Application Fees

- Using Workload Analysis & Historical Data Able to Make a Rough Estimate of Hours/Permit Action
- Highly Scientific Method of Determining How Much to Charge for Each Type of Permit Action – a.k.a. I Guessed
- Turns Out I'm a Good Guesser
- Application Fee Must Be Paid Before Application Can Be Deemed Complete
- Fees Adjusted Annually By CPI
- Fee Charged for All Permit Actions Except Administrative Amendments and Actions for True Minors

# Maintenance Fees

- Establish Fees for Sources Required to be Inspected By the Compliance Monitoring Strategy (CMS)
  - Title V – Inspected Once Every 2 Years
  - SM – 80 – Sources that are Permitted at 80% of Title V Thresholds – Inspected Once Every 4 – 5 Years
  - Conducted a 9 Month Workload Analysis
    - 42 Inspectors
    - 6 Air Compliance Managers

# Maintenance Fees Continued

- Subcategorized Title V
  - Title V Complex Major Source – 7 or More Subparts (Part 60, 61 & 63)
  - Title V Major
  - Title V by Rule (Area Sources Not Exempted from Title V such as Landfills)
- Synthetic Minor 80 (SM-80)
- Fees Assessed Same Time as Emission Fees (Included in Annual Emissions Fee Invoice)
- Fees Adjusted Annually by CPI



# Emissions Fees

- Increased Rate by 30%
  - At Time Fee Was \$44.17/ton
- Changed Requirement for Syn Minor Sources to Pay Every Year Instead of Every Other Year
- Maintain 10 tpy Minimum (Emitting Less than 10 tpy Exempted from Emissions Fee)
- Maintain 4000 ton Cap
- Increase Yearly by CPI

# Convincing the Powers

- DEQ Management, With Support from Stakeholders and the Governor's Office, Worked with State Delegates and State Senators
- **Lots** of High Levels Discussions
- End of Day, Item Added to the 2012 Budget Allowing DEQ to Develop the Necessary Regulations to Collect the Needed Funds
- Regulations Developed & Passed by the Air Pollution Control Board – Industry and Environmentalists Spoke In Support of the Regulations

# Results

- New Fees Became Effective July 1, 2012
  - (Started This Process in 2010)
- DEQ Did an E-mail Notice to Sources About New Fees
- Posted on DEQ Web Page
- Rollout Fairly Smooth with Expected Bumps Along the Way

# Changes in Permitting

- Adjustment for Permit Writers to Charge for Permit Applications
- Exemption Determinations Drop from Over 300 Before Fees to Around 90 After Fees
- Sources Filing One Application Instead of Multiple Back to Back Applications
- Revenue Collected From Permit Fees in First Year = \$775,000 – Goal was \$800,000 – Pretty Good

# Conclusions

- Did **NOT** Happen Over Night
- Would Not Have Happened Without Stakeholder Support
- Extensive Data was Generated to Backup Agency Position
- Multiple Options Were Presented
- Existing Good Reputation of Air Division's Work with Virginia Stakeholders

# Conclusions

- As Emissions Continue to Drop, Expect to Have to Revisit Process in Coming Years
- Information on DEQ Fees

<http://www.deq.virginia.gov/Programs/Air.aspx>

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