

# Virginia Title V Fees

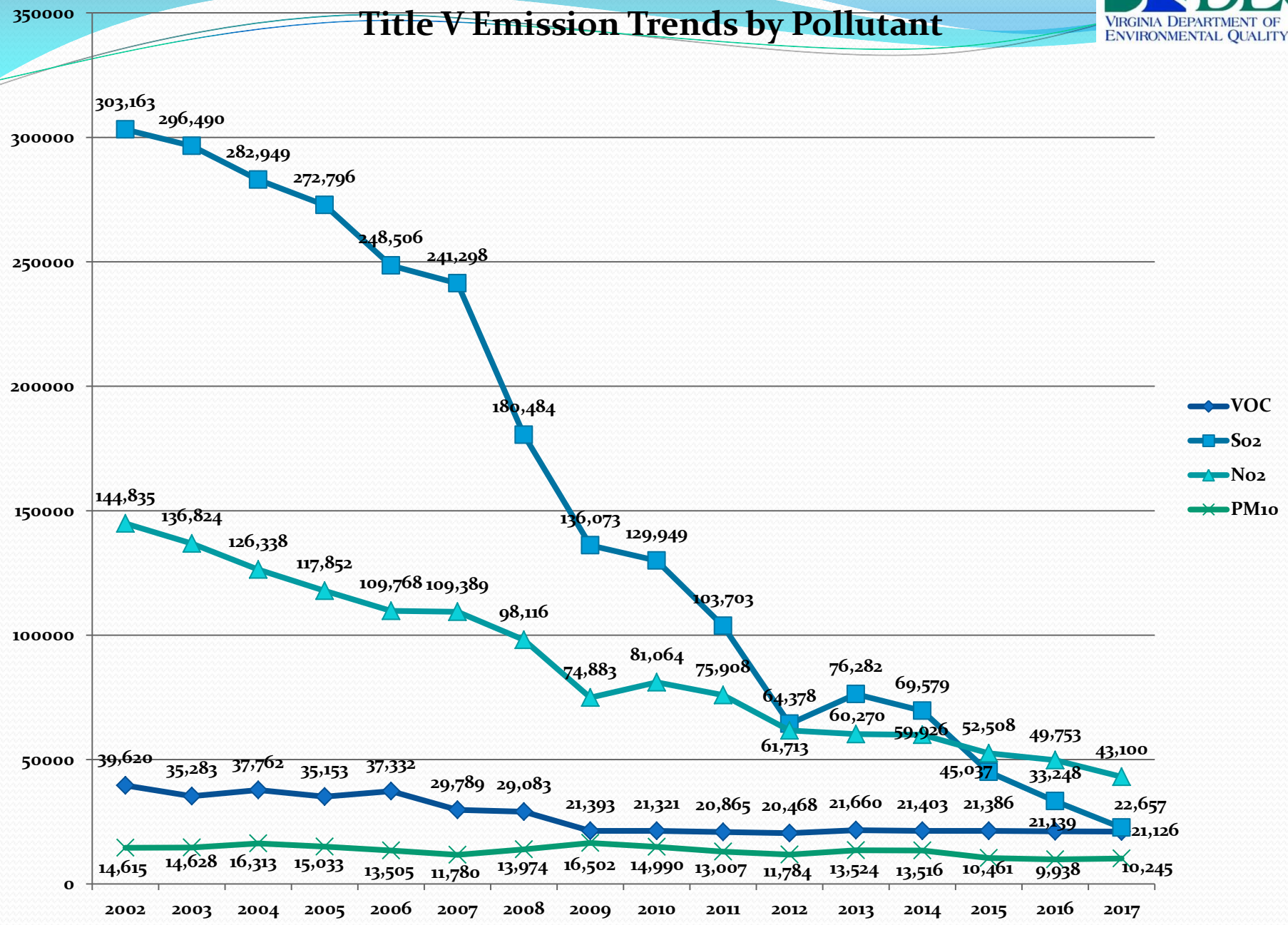
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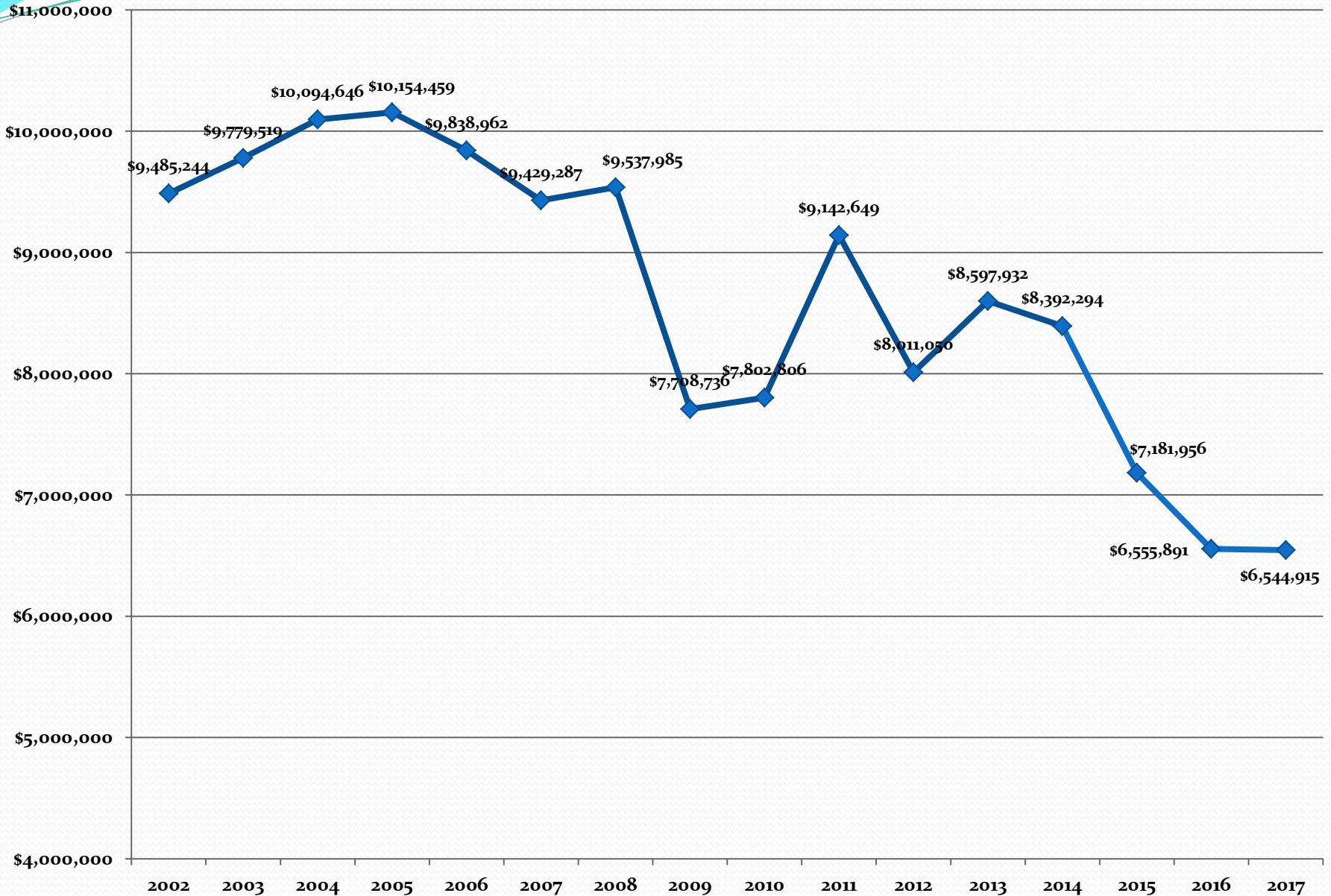
2018 NACAA Fall Meeting

October 15, 2018

# Title V Emission Trends by Pollutant



# Historical Emission Fees



# Virginia Title V Fees – Round 1 -2010

- Virginia Title V Program Fees Cover Permitting, Compliance, Emissions Inventory, Permit Modeling, and Some Air Monitoring
- Cost to Run Program Has Been Consistent at Around \$10.8M per year
- In 2010, Only Emissions Fees Collected (\$44.17/ton – 4000 tpy Cap per pollutant)
- Agency Recognized Emissions Were Steadily Declining Because of Regulations, Fuel Switching, etc.
- Emissions Were Declining while Workload Continues to Increase with More Regulations (Almost 300 Air Regulations are on the Books)

# What We Did in 2010

- 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
- Group Members Included Utilities, Manufacturers, Chamber of Commerce, Environmental Groups and Military
- Goal Was to Successfully Demonstrate More Funds Were Needed and to Reach Consensus on How to Obtain Those Funds

# Stakeholder Group

- First Hurdle Was Explaining to the Group Title V Fees Covered More Than Just Title V Permits
- Staff Presented Multiple Options to the Group Including Raising Fees, Eliminating the Cap, Adding Application Fees and Adding Maintenance Fees
- **Group Agreed on a 3 Prong Approach of Increasing Emissions Fees, Adding Application Fees and Establishing an Annual Maintenance Fee**
- 4000 tpy Cap Remain in Place (Only Point Where Consensus Wasn't Reach)

# Setting the Fees - Application

- Application Fees –
  - Looked at 5 Years of Historical Permitting Data
  - Conducted a 14 Month Workload Analysis on Time Spent on Each Permit Type (Workload Analysis Started Prior to 2010)
  - Based on this Data, Developed a Rough Estimate of hours/permit
  - Used Data as a Guide to Set Application Fees Based on Permit Type
- A Permit Application Cannot Be Deemed Complete Until the Fee is Paid
- Established Fees Did NOT Cover Cost of Permit Processing

# Setting the Fees - Maintenance

- Annual Fees to Offset Compliance Costs Such as Inspections, Reviewing Compliance Certifications, Recordkeeping, etc.
- Compliance Had Already Conducted a 9 Month Workload Analysis to Determine Amount of Time Spent for Different Compliance Actions
- Synthetic Minor Sources Permitted at 80% of Major Source Thresholds (SM-80) were Included
- Did Not Included Syn Minors that Were Not SM-80



# Setting the Fees – Emission Fees

- Increased Emissions Fees by 30%
- Fee Went from \$44.17 (2010) to \$59.78 (2014)
- All Fees Are Adjusted Each Year by CPI
- Sources Emitting Less than 10 tpy are Exempt from Emissions Fees
- 4000 tpy per Pollutant Cap Remains in Place
- **All New Fees Were Effective July 1, 2012**

# Title V Fees- Round 2 - 2016

- As Predicted, Emissions & Fees Continued to Decline
- Reconvened Stakeholder Group in Summer 2016
- Same Process as Before – DEQ Staff Presented Updated Information & Multiple “What if?” Scenarios
- Two Significant Changes
  - Stakeholders Proposed Increases Above DEQ’s Expectations
  - DEQ to Charge Maintenance Fees to ALL Synthetic Minor Sources – Not Just SM-80

# Emissions Fees

- 2014 - \$59.78/ton (2013 Emissions)
- 2018 - \$73.01/ton (2017 Emissions)
- 2019 - \$83.96/ton (2018 Emissions)
- After 2020 – Adjusted Based on CPI
- 4000 tpy Cap Remains
- Less than 10 tpy – No Fee
- Same Fee for Criteria Pollutants & Hazardous Air Pollutants (HAP)
- **Goal = \$8M**

# Application Fees for TV Sources

Permit Type	2017	2018	2019
Major NSR	\$30,000	\$63,000	\$69,300
Major NSR Amendment	\$7,000	\$10,000	\$11,000
State Major	\$15,000	\$25,000	\$27,500
Minor NSR	\$1,500	\$5,000	\$5,500
Minor NSR Amendment	\$750	\$2,500	\$2,750
Title V	\$20,000	\$35,000	\$38,500
Title V Renewal	\$10,000	\$15,000	\$16,500
Title V Mod	\$3,500	\$4,000	\$4,400

# Application Fees

- Fees Also Charged for Synthetic Minor Sources

Permit Type	2017	2018	2019
Minor NSR	\$500	\$3,000	\$3,300
Minor NSR Amendment	\$250	\$1,000	\$1,100
State Operating	\$1,500	\$5,000	\$5,500
State Operating Amend	\$800	\$2,500	\$2,750

# Notes on Application Fees

- **Goal – \$1.8M**
- No Charge for True Minors
- No Charge for Administrative Amendments
- Charge for Exemptions
  - Exemptions Processed Pre-Fees = 300
  - Exemptions Processed Post-Fees = 60
- VA DEQ Processes Approximately 450 Permit Actions/Year
- 37 Permit Writers (50 FTEs)
- Will Be Evaluating Whether Higher Fees Have Reduced Permit Requests

# Maintenance Fees

- Major Change in 2016 – All Synthetic Minors

Source Type	Base (2017)	2018	2019	2020
Title V Complex	\$10,000	\$21,263	\$23,389	+CPI
Title V Major	\$3,500	\$7,442	\$8,186	+CPI
Title V By Rule	\$1,500	\$2,392	\$2,790	\$3,189
Syn Minor – 80% (SM-80)	\$1,000	\$1,594	\$1,860	\$2,126
Syn Minor		\$500	\$550	+CPI

# Maintenance Fees

- **Goal = \$3M**
- Most Push Back from Synthetic Minor Sources <80% - Especially Quarries
- Maintenance Fees are Collected with Emission Fees
  - Line Item on Invoice
- Notification to Sources
  - Each Identified Source Sent E-mail – Letters if No E-mail Address
  - Information Posted on VA DEQ Webpage



# Summary

- New Fees Effective January 1, 2018
- Too Early to Know if Collection Goal Will Be Met
- Numbers Reflect Maintaining Program with No Increase
- Current Staffing Level Way Below Peak Staffing
- Emissions Continue to Decline (Yeah???)
- Anticipate Going Back to Stakeholders in 2020

# Overall a Success

- Stakeholder Support
- Administration Support
- Offering Multiple Options to Stakeholders
- Data to Back-Up Numbers
  - Looking at Historical Data Plus Workload Analysis Demonstrated Validity of Fee Amounts
- **Established Reputation of Working Well with All Stakeholders (Industry and Environmental)**

# Further Information

- More Information Can Be Found on the Virginia DEQ Air Program Webpage
- <https://www.deq.virginia.gov/Programs/Air/FeesUndertheVAAirPollutionControlLaw.aspx>