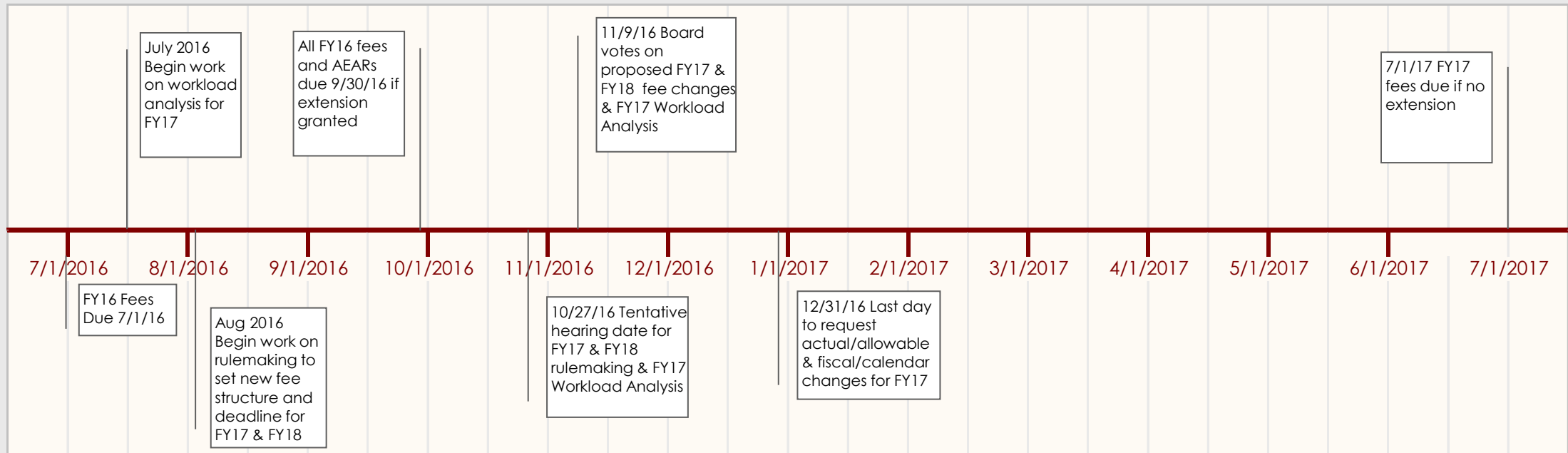


Fiscal Year 2017



FY17 rulemaking only if necessary. FY18 rulemaking adopts graduated scale, base fee/min fee.

2016 Title V Fee Analysis and Stakeholder Engagement

OPTION	DESCRIPTION	GOAL(S) ADDRESSED	STAKEHOLDER FEEDBACK	TDEC RESPONSE	NOTES
Rate Increase (structure as is)	Adjust rates up to address funding shortfall from reduced emissions with no changes to the current system or structure. EGU rate would go up, non-EGU rate would go up.	Addresses funding shortfall	No specific feedback, recognize this will need to happen.	TDEC will pursue this option in conjunction with other options in the 1st phase of rulemaking to address the funding shortfall. TDEC will also pursue this option in the 2nd phase or rulemaking if necessary to cover costs.	Similar to past changes; likely to result in a very large \$/ton increase if not done in conjunction with other changes
Remove or Raise 4000 ton p/pollutant cap	Handful of large emitters share increased financial burden	Equity	TCCI via A. Martin- not equitable, every other state has it in program	TDEC will not pursue this option at this time.	Requires legislation; would need to cap at program cost and adjust rates accordingly.
Formula for Rate in Regulation	Formula put in regulation, fee changes implemented through Board, no rulemaking, would still include public notice and comment	Reduces administrative burden and reduces timeframe for revisiting rate	TCCI via A. Martin-not opposed in principle, but too hard of a legislative push, would demand a lot of political capital from industry, may only be possible under new governor. Richard Holland has voiced objection in past discussions-indicates it is part of our checks and balances	TDEC will not pursue this option at this time.	Relatively unique approach. If TDEC pursues in future, will confirm can be done via regulatory change vs. legislation.
Inflation Adjustment/CPI	Inflation adjustment annually on rates, base fee, minimum fee, etc.... according to CPI as a rulemaking	Longer term financial stability	TCCI via A. Martin- mixed feedback; will be difficult to get through legislature if law change needed; concern that CPI is not tied to process improvement for TDEC; more attractive with board approval first vs. automatic; industry budgets do not increase with inflation	TDEC will pursue this option in the 2nd phase of rulemaking (if applicable), will make subject to board approval and will work with stakeholders as to specific structure.	Will complete legal research to confirm this can be done via regulation vs. legislation.
One Rate for All	Eliminate different rates for EGUs and non-EGUs that initiated in 2013	Equity, reduce administrative burden	TCCI via A. Martin- do not like, administrative burden with different rates is not significant	TDEC will not pursue this option at this time.	
Graduated Fee Structure	Different \$/ton rates for different "brackets" of emissions (e.g., 0-500 tons, 501-1000 tons, etc....)	Equity	TCCI via A. Martin- a lot of interest, need to consider coupling with other options like return to base fee and/or NESHAP fee	TDEC will pursue this option in conjunction with other options in the 1st phase of rulemaking and will work with stakeholders re details (e.g., definition of brackets).	Those that have higher emissions will pay higher "marginal" rate
Base Fee (alone)	Go back to base fee vs. minimum fee	Address funding shortfall	TCCI via A. Martin- all agreed, this is a good thing, but need to deal with folks on the cusp.	See below	Question of whether base fee is enough?
Base Fee + Minimum Fee	All sources pay fixed base amount + \$p/ton- if result is less than set minimum, they pay minimum fee	Address funding shortfall	TCCI via A. Martin- open to this	TDEC will pursue this option in conjunction with other options in the 1st phase of rulemaking and will work with stakeholders re details.	
NESHAP Fee	Additional fixed fee to account for resources spent on sources subject to NESHAPs	Address funding shortfall; equity	TCCI via A. Martin- interested in this, but need to know more- would all MACTs be included or some, where would line be drawn? Would not like every MACT covered, but does creating all the exceptions increase administrative burden?	TDEC will not pursue this option at this time.	aka MACT Adder-relies on the concept and belief that these standards may be more complex than other air quality trends. Workload analysis indicated this concept may not always be accurate-other factors may have more impact.
Adjust Report and Payment Deadlines	Require fee payments earlier (e.g., March)	increases program stability	TCCI via A. Martin- not sure how it adds stability	TDEC will pursue this option in the 1st phase of rulemaking.	Answered A. Martin's question- provides fiscal and program staff an earlier look at revenues coming in, can adjust costs if need to- increases year to year stability. Predictability is probably a better word to use.

*Proposed two-phased rulemaking: Phase I (2016/17)- graduated scale with fee increase, base fee, minimum fee, and adjust report and pay period to March 31--will apply to 2018 fees. *Fee increase will be estimate to cover 2018 required revenue and to build a reserve. Phase 2(2018)- Revise rates if necessary (\$/ton, base, min) in order to correct and collect required revenue for 2019; add inflation adjustment subject to board approval, notice, etc...