



Department of  
**Environment &  
Conservation**

# Title V Fee Stakeholder Meetings

May 24 & June 1, 2017

# Topics Covered

- Background
- Stakeholder Presentations and Discussions
- Timeline
- Website and Additional Information

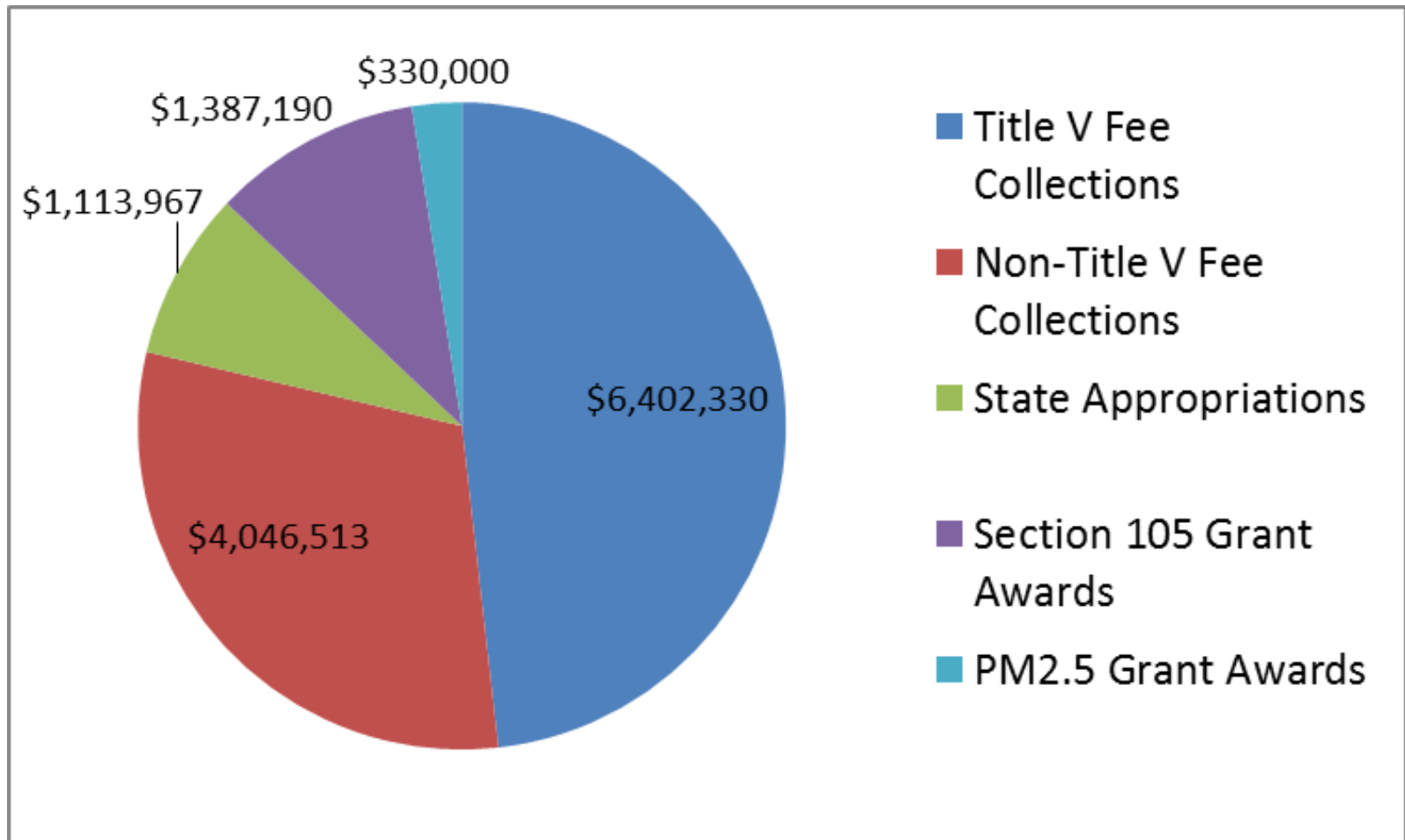


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# Background

# Division of Air Pollution Control Funding

## Average of FY2014 through FY2016



Note: This chart is a simplified representation of APC funding. Actual budgetary and accounting information is much more complicated.

# Statutory Title V Fee Requirement - 502(b)(3)(A) of Federal Clean Air Act

## (b) Regulations

The Administrator shall promulgate within 12 months after November 15, 1990, regulations establishing the minimum elements of a permit program to be administered by any air pollution control agency. These elements shall include each of the following:

...

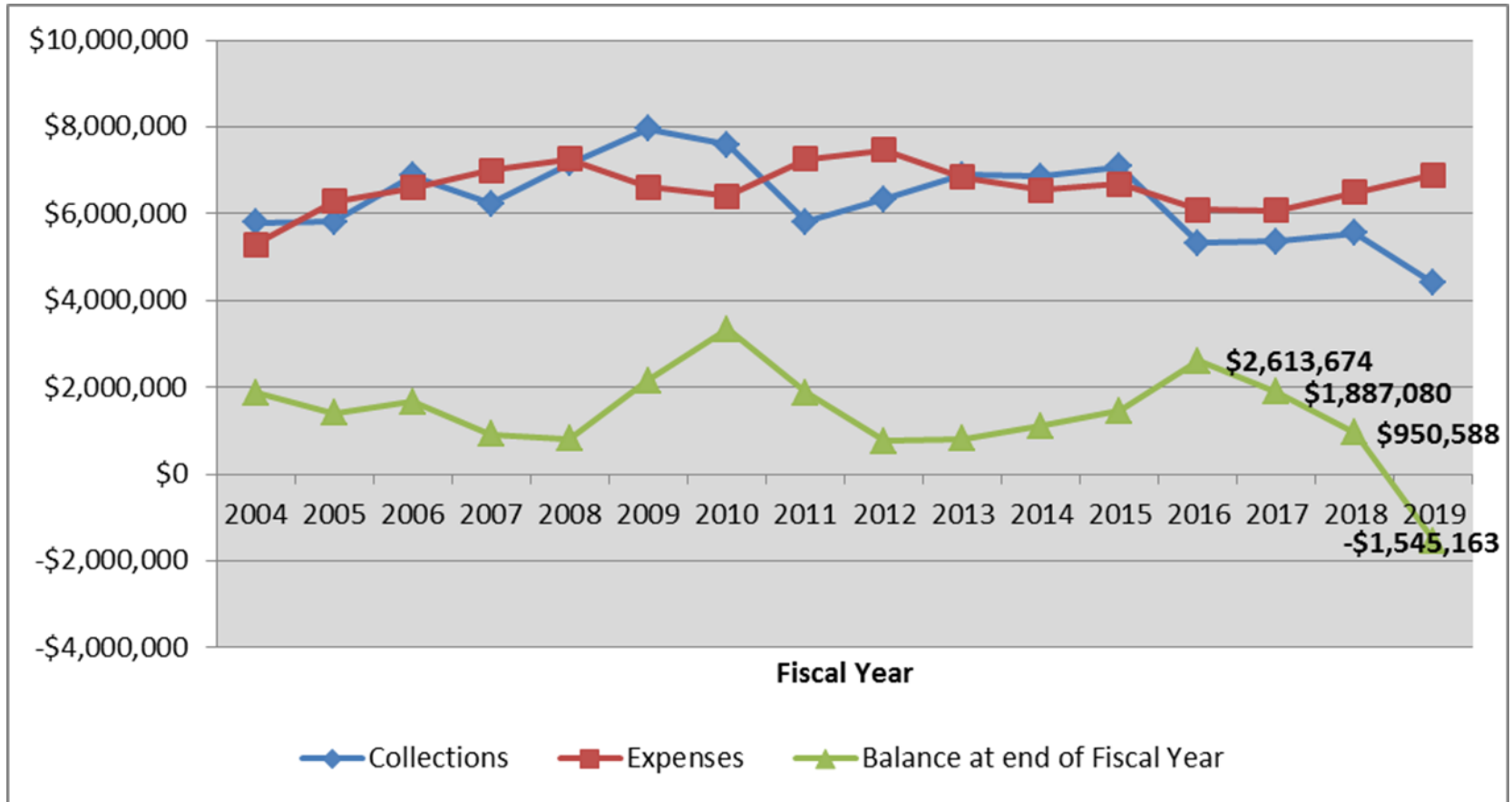
(3)(A) A requirement under State or local law or interstate compact that the owner or operator of all sources subject to the requirement to obtain a permit under this subchapter pay an annual fee, or the equivalent over some other period, sufficient to cover all reasonable (direct and indirect) costs required to develop and administer the permit program requirements of this subchapter, including section 507 of this title, including the reasonable costs of—

# Section 502(b)(3)(A) of Federal Clean Air Act (continued)

- (i) reviewing and acting upon any application for such a permit,
- (ii) if the owner or operator receives a permit for such source, whether before or after November 15, 1990, implementing and enforcing the terms and conditions of any such permit (not including any court costs or other costs associated with any enforcement action),
- (iii) emissions and ambient monitoring,
- (iv) preparing generally applicable regulations, or guidance,
- (v) modeling, analyses, and demonstrations, and
- (vi) preparing inventories and tracking emissions.

Similar Language in Federal and State Regulations

# Title V Revenue & Expenses



# APC will Continue to Adjust Projected Expenses and Revenue

- Expense Projection Changes Already Identified
  - Overhead Costs (e.g., HR, OGC, Fiscal Services, Budget, Information Services) will Likely Increase with Inflation
  - Cost of Filling Vacancies will be Refined as HR Process Proceeds
- Revenue Projections Already Identified
  - Six New Title V Facilities
  - Corrections to Emissions as Identified by Stakeholders
- FY2017 Projections will be Replaced by FY2017 Actual Expenses and Revenue before Official Rulemaking Begins





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# Evaluating Fee Options

# Fixed Assumptions

- Reserve at beginning of FY2019 = \$950,000
- FY2019 expenses = \$6,900,000
- Reserve at end of FY2019 = \$700,000
- For each facility
  - EGU or non-EGU
  - Allowable, Actual, or Mixed fee basis
  - Allowable and/or Actual tons for each pollutant
    - PM
    - SO<sub>2</sub>
    - VOC
    - NO<sub>x</sub>
    - Non VOC/PM HAPs with a Standard
    - Non VOC/PM HAPs without a Standard
    - Non VOC/PM/HAP NSPS Pollutants

# Variables

- Base Fee
  - Yes or No
  - Amount
- Minimum Fee Amount
- Actual to Allowable Rate Ratio
- EGU to non-EGU Ratio
- Brackets
  - Yes or No
  - Number of brackets
  - Size of brackets
  - \$/ton increase per bracket
- Other Ideas

# Fee Scenario Analysis Tool

- Excel Workbook available at <http://www.tennessee.gov/environment/topic/permit-air-permit-fees>
  - Revised version posted 5/19 to corrected bracket feature
  - Will be further update to include revised projections and add features as necessary – check back frequently



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# Timeline

# 2016 Stakeholder Process

- Meeting Dates
  - January 6, 2016
  - February 18, 2016
  - March 9, 2016
  - April 14, 2016
  - May 5, 2016
  - May 20, 2016
- Resulted in Change to Fee Deadlines (see slides 12-14)
- Remainder of Issues Deferred
- Material Available at <http://www.tennessee.gov/environment/topic/permit-air-permit-fees>

# Timeline – 2017 Stakeholder Process & Rulemaking

- 1<sup>st</sup> Webinars – May 11<sup>th</sup> and May 15<sup>th</sup>, 2:00 pm Central
- Stakeholder Meetings – to receive feedback from Stakeholders
  - May 24<sup>th</sup> – 1:00 PM at TBI, 901 R.S. Gass Blvd., Nashville
  - June 1<sup>st</sup> – 1:00 PM at Chattanooga Field Office, 1301 Riverfront Parkway, Chattanooga
- 2<sup>nd</sup> Webinar – APC Proposed Approach - Friday, June 16<sup>th</sup>, 1:00 pm Central
  - Deadline for Stakeholder Comments (via writing or email) on Proposed APC approach – June 30<sup>th</sup>
- Brief APC Board – 8/9/2017
- Public Notice Filed with Secretary of State – 8/25/2017
- Public Hearing – 10/17/2017
- APC Board Adoption – 11/8/2017
- File with Secretary of State – 1/16/2018
- Effective Date – 4/16/2018

# Phase II

- Refine expense projections needs using improved expense tracking mechanism
- Analyze Non-Title V expenses
- Revise FY2018 & FY2019 estimated revenue and FY2019 reserve based on FY2017 AEAR reports (first year in which change in calculation method allowed)
- Adjust \$/ton rates starting in FY2020
- Consider Adding CPI adjustment (with board approval)
- Rulemaking in 2018
  - May involve both Title V Fees and non-Title V Fees





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**Website**

# Permit Fee Stakeholder Website

- To be Posted at:  
<http://www.tennessee.gov/environment/topic/permit-air-permit-fees>
  - Presentations
  - Documents
  - Comments
  - Other Information



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# Stakeholder Input