

Fee Regulations, Quad I and Quad Z, & Clean Power Plan

DEPARTMENT OF ENVIRONMENTAL CONSERVATION | DIVISION OF AIR QUALITY

AUGUST 28, 2015



Air Permits Fee Study

Every 4 years ADEC is required under State Statute to evaluate fees for permitting and compliance services.

- ❖ The Clean Air Act requires 100% funding of Title V Permits through fees
- ❖ Current fees became effective July 1, 2010.
- ❖ Fee Evaluation report will establish new fee rates
- ❖ Current fee study period: July 1, 2009 through June 30, 2013.
- ❖ Alaska Statute provides two methods for cost recovery
 - ❖ Permit administration fees established under AS 46.14.240(b)
 - ❖ Emission fees established under AS 46.14.250(g)



Administration Fees for Direct Services

ADEC continues to reduce fee complexity

- ❖ Number of permit administration fee categories (permit renewal & compliance) reduced from 66 to 24

Category	Percent Change
Small Power Plant, PTE >100 TPY and <250 TPY	+ 14%
Small Power Plant, PTE >250 TPY	- 9%
Large Power Plant, PTE >250 TPY	- 10%
NEW: Coal-Fired Plants, PTE>250 TPY	(+163%) proposed +107% filed* (standard)



Emission Fees

- ❖ Authority under AS 46.14.250(h)(2)
- ❖ Pays for cost not covered by Administration Direct fees;
 - ❖ Rent, utilities, permit program management, administrative and accounting services, federal comments and other costs
- ❖ Emission fees increased
 - ❖ Emission tonnage continue to decrease:
 - ❖ 116,342 tons in 2006 study
 - ❖ 108,308 tons in 2010 study
 - ❖ 84,089 tons in 2014 study



Fee Timeline

- ❖ Fee Report and Regulation Public Notice - May 21, 2015
- ❖ Public Comment Period - June 30, 2015
 - ❖ Response to Comments: Adjustments Made
- ❖ Commissioner signs fee regulation/adoption - 8/7/15
- ❖ Department of Law fee review complete – 8/26/15
- ❖ Lt. Governor signed – 8/26/15
- ❖ Effective Sept 26, 2015
- ❖ Supplemental bill or credit for prorated difference emission fees and permit administration fees



Goal: Consistency In EPA's Quad I and Quad Z Definitions

- ▶ Issue: EPA's Quad I and Quad Z have different definitions for remote diesel fired engine class
 - ❖ Alaska wants EPA to align Quad I to match Quad Z
 - ❖ Change definition for "remote" in 40 CFR Part 60 Subpart IIII to match 40 CFR 63 Subpart ZZZZ
 - ❖ ADEC currently working with Alaska Power Association to address the conflict and proposing above resolution to EPA



Update “Remote” Definition in Quad I to Match Quad Z

Expand definition of “remote” to include Area Source compression ignition engines that ARE accessible by FAHS and if they meet the following 3 criteria:

- ❖ Engine is in an area not connected to the “Rail Belt” grid (service areas of the six regulated public utilities from Fairbanks to Anchorage and the Kenai Peninsula):
- ❖ At least 10% of the power generated by the engine annually is used for residential purposes
- ❖ The generating capacity of the area source is less than 12 MW, or has renewable energy backup



ADEC working with Alaska Power Association

ADEC/APA working with EPA to change Quad I “remote” definition to match Quad Z “remote” definition.

- ❖ ADEC meets with APA, AEA and EPA - January 2014
- ❖ ADEC formally requests EPA to review options for administrative correction or other available procedures to correct the exemption language for sources in rural areas of Alaska - November 2014
- ❖ EPA requested additional information on issues facing Alaskans - January 2015
- ❖ ADEC - in consultation w/AEA - responds with requested information - March 2015
- ❖ Current Status: Under EPA review
- ❖ Next steps
 - ❖ EPA expected decision: Fall 2015
 - ❖ EPA will publish change in the federal register



Additional Guidance and RICE Information

- ❖ EPA offers an online NESHAP RICE regulation navigation tool that owners and operator can use to determine applicability of each of their RICE engines

<http://www.epa.gov/ttn/atw/rice/output/quiz.html>

- ❖ EPA website for RICE information and resources

<http://www.epa.gov/region1/rice/>



Clean Power Plan

- ❖ Delayed – not Exempted
- ❖ Continued Engagement & Monitoring
- ❖ No follow up requests from EPA yet





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