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

EPA website for RICE information and resources <u>http://www.epa.gov/region1/rice/</u>



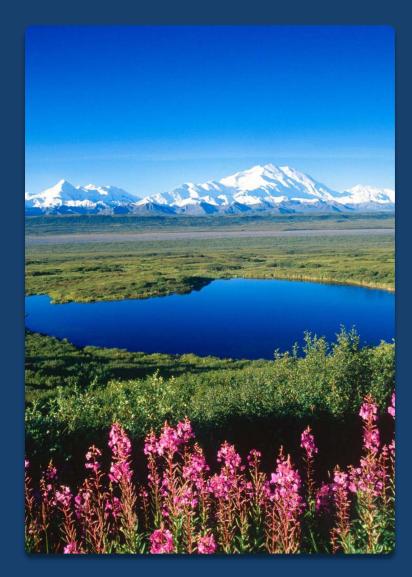
Clean Power Plan

Delayed – not Exempted

Continued Engagement & Monitoring

No follow up requests from EPA yet





Contact Information

- Denise Koch 907.465.5105 <u>denise.koch@alaska.gov</u>
- Tom Turner 907.269.8123 tom.turner@alaska.gov
- Division of Air Quality website <u>http://dec.alaska.gov/air/index.htm</u>

