### 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>



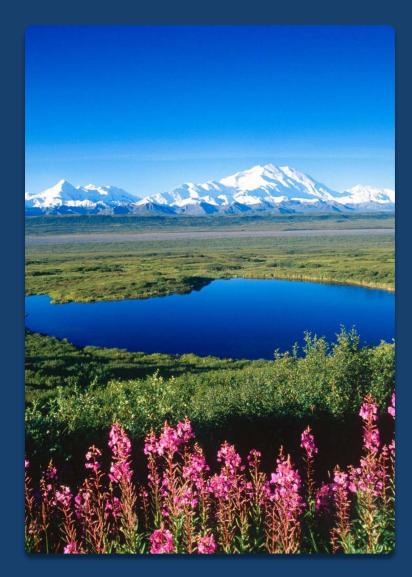
Clean Power Plan

Delayed – not Exempted

#### Continued Engagement & Monitoring

No follow up requests from EPA yet





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