



Air Program Emissions Fee Stakeholder Meeting

September 11 & 13





Meeting Objectives

- No final decisions made yet
 - Share information
 - Get your feedback
 - Answer questions

Presentation will be available on website later today

Current Air Emissions Fees

- Title V (major source) fees
 - Collected from Title V sources annually
- Minor Source Fees
 - Collected from Minor sources and Conditional Major sources annually
- Expedited Review Fees
 - Collected from any source requesting expedited review of a construction permit

Permitted Facilities (2019)

- 277 Title V (major source) facilities
- 392 Conditional Major facilities
- 1161 Minor source facilities

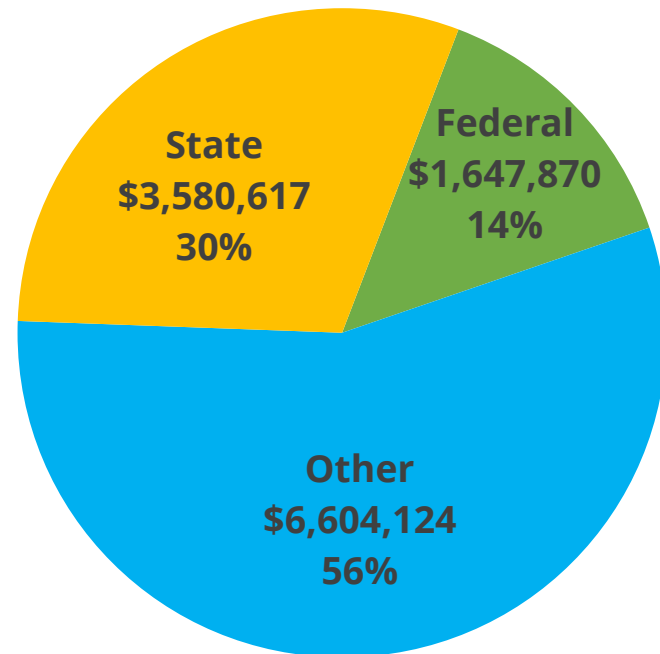
Air Fee Regulatory Authority

- Clean Air Act
 - Section 502(b)(3)(A) requires Title V facilities to pay sufficient fees to develop and administer the Title V program
 - Minimum Fee: \$25/ton + consumer price index (CPI) annually
- State Statute
 - Requires ALL air permit facilities (major and minor sources) to pay \$25/ton + CPI annually
- State Environmental Fee Regulations
 - S.C. Regulation 61-30(G)(3)
 - \$25/ton + CPI annually
 - FY20 = \$51.06/ton (CPI changes annually)

Air Program Funding

- The Air Program includes the Bureau of Air Quality (BAQ) and air staff in regional offices and air lab
- Personnel costs include fringe and agency overhead
- Fees considered "Other"

FY19 Total Air Program Personnel Expenditures



Declining Fee Revenue

- Fees based on actual emissions
- Actual emissions have declined steadily for last decade (national trend)
 - Federal stationary source air regulations and standards mandated by the Clean Air Act
 - Power utility unit shutdowns in 2008 – 2012
 - Utility and manufacturing facilities switched from coal to natural gas
 - Plant closures
- Air Program responsibilities have not decreased
 - Must ensure and maintain compliance with NAAQS



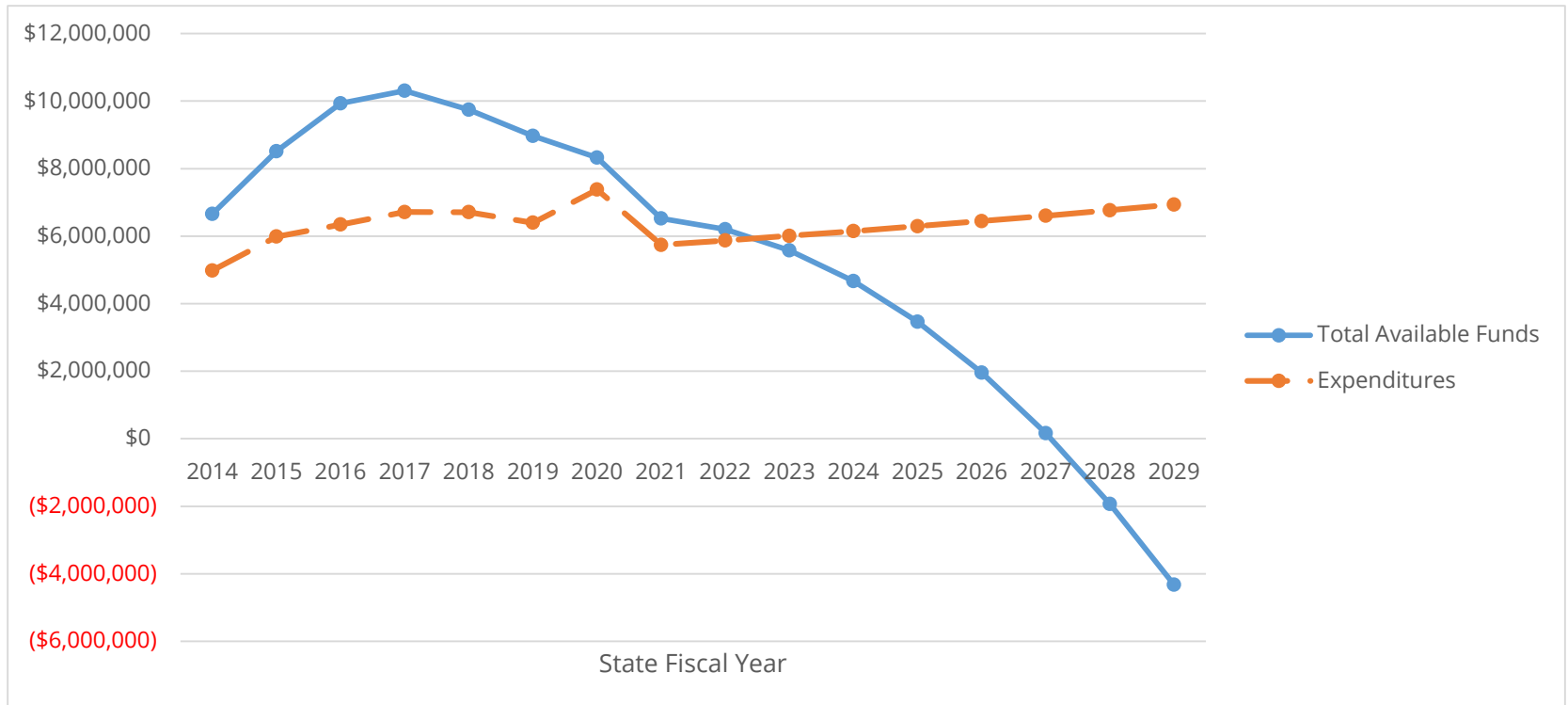
Consumer Price Index (CPI)

- Fees based on actual emissions to “create an incentive for sources to reduce emissions” [EPA Federal Register 57 FR 32251 1992]
- Consumer Price Index (CPI) adjustments were intended to cover the cost of the program long term.
- All but one of Region 4 states are currently in the process (or plan to start process) of requesting fee increases

Year	Fee Rate	CPI Increase
2011	\$43.83	\$0.08
2012	\$44.48	\$0.65
2013	\$45.55	\$1.07
2014	\$46.73	\$1.18
2015	\$47.52	\$0.79
2016	\$48.27	\$0.75
2017	\$48.49	\$0.22
2018	\$48.88	\$0.39
2019	\$49.85	\$0.97
2020	\$51.06	\$1.21

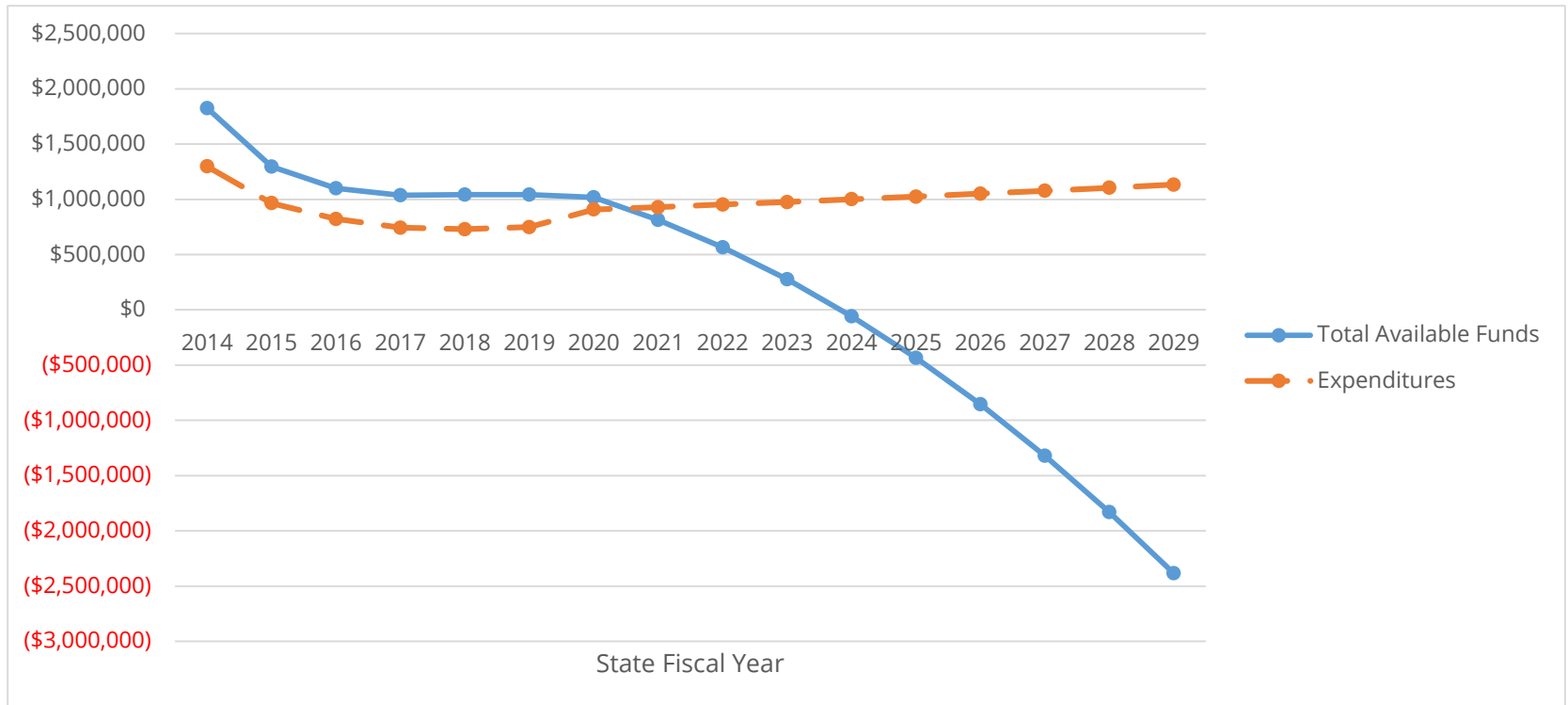


Title V Fees vs. Cost Projections (FY14-2029)





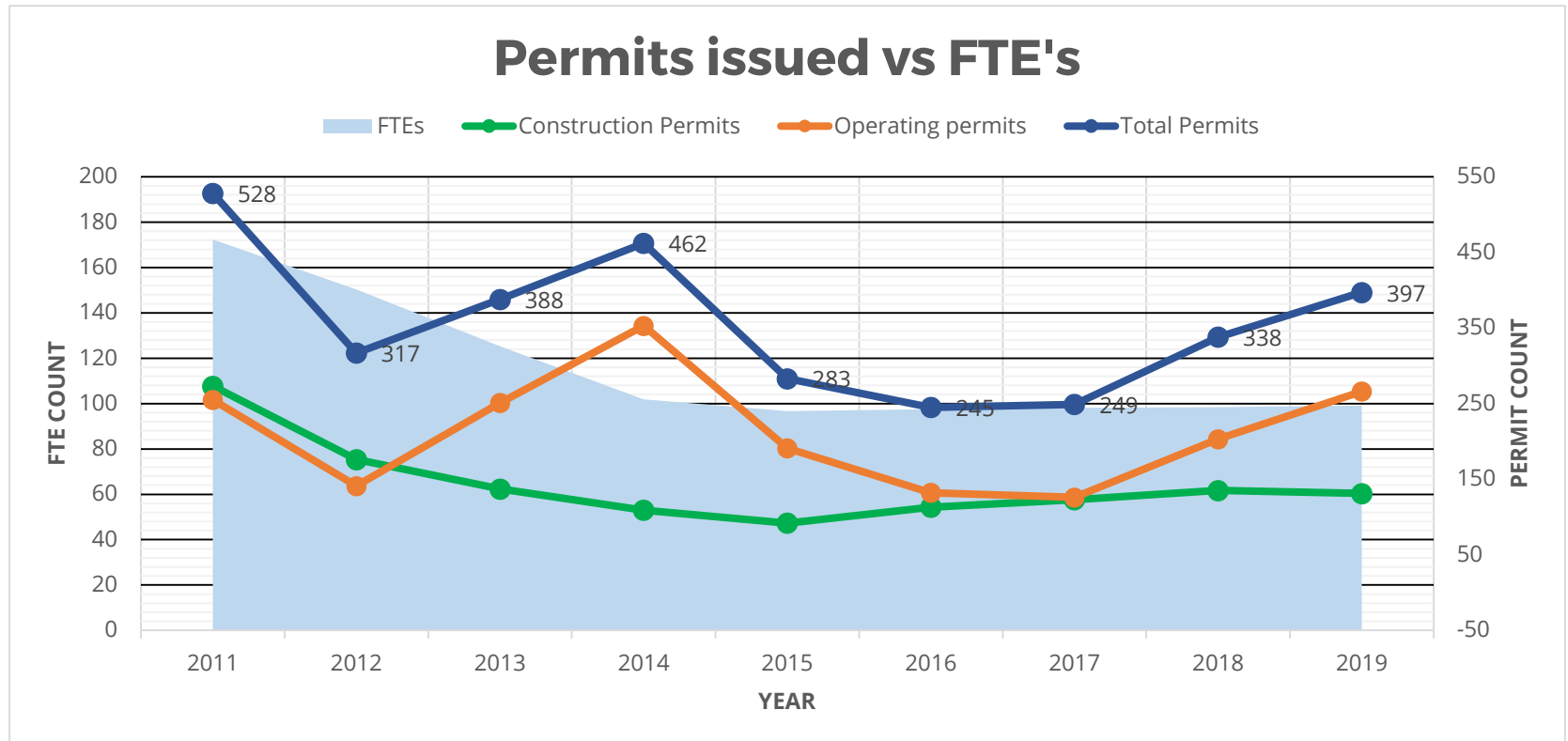
Minor Source Fees vs. Cost Projections (FY14 - 2029)



Efforts to Reduce Costs

- Streamlining processes and regulations
- Increasing simpler registration/general permits and life-time permits
- Improving efficiencies (ePermitting)
 - Large initial \$ investment; long term savings
- Shut down of ambient monitoring sites
- Reducing operating costs
- Reduced FTE's
 - Lost over 50 FTE's since 2011

Air Permits Issued vs. FTE's



Last Air Fee Regulation Change

- Formed Industry Stakeholder group in 2012 to address Title V program deficit
 - Title V facilities only
- Amended Fee Regulations in June 2014
- Added Maintenance Fee for Title V facilities only
 - Range: \$500 - \$10,000 in addition to \$/ton rate
- Received ~1/3 of shortfall from General Fund



2019 Stakeholder Process

- Include all facility types (major, CM, and minor sources)
- Formed a small stakeholder group to assist us evaluate possible options for increasing revenue/funding
 - Six stakeholder meetings December 2018 - August 2019
- Options considered by the group:
 - Increases in maintenance fees for Title V sources
 - New maintenance fees for minor and conditional major sources
 - New construction permit application fees
 - Increases in expedited review program fees
 - Complexity fees
 - Request additional state appropriations from the General Fund
 - Increasing \$/ton rate

How to Allocate the Fee Increases Fairly?

- Evaluated complexity/work effort by permit type
 - Time spent by permit type (work effort)
 - Number of applicable federal regulations (complexity)
- Permitting/Compliance Process Work Effort:
 - 70% of work effort - Title V facilities
 - 20% of work effort - Conditional Major facilities
 - 10% of work effort - Minor sources

Fee Scenario Options Considered

- **Cost per ton with TV Maintenance Fee**
 - Increase \$/ton to \$77.41/ton and keep Title V maintenance fee
 - *Requires statute and fee regulation change (lengthy process)*
 - *Too significant of an increase for all facilities*
- **Cost per ton without TV maintenance fee**
 - Increase \$/ton to \$84.64/ton and do away with Title V maintenance fee
 - *Requires statute and fee regulation change (lengthy process)*
 - *Lowers some Title V facility rates, but increases other facility rates too high*
- **Variable Maintenance Fee**
 - Increase Title V maintenance fee by 4.95x; add a \$225 maintenance fee for Conditional Majors; \$100 maintenance fee for minor sources (or \$131.55 for all non-Title V facilities)
 - *Increased Title V maintenance fee too high*

Fee Scenario Options Considered

- **Construction Permit & Maintenance Fees**

- Strong support for adding construction permit application fees
- Increase Title V maintenance fee by 4.18x
- Add \$500 maintenance fee for conditional majors
- Add \$200 maintenance fee for minor sources
- *Title V maintenance fee still too high*

- **Complexity Fee – Title V only (similar to Alabama)**

- Fees based on complexity of applicable regulations
- \$3,280.22 per share/regulation (NSPS, MACT, PSD, etc.) with Title V maintenance fee
- \$4,111.00 per share without Title V maintenance fee
- *Too complex, does not address minor source shortfall*

Fee Scenario Options Considered

- **Complexity Fee – Title V and CM only**
 - Fee based on complexity of applicable regulations
 - \$1,922.00 per share/regulation with TV maintenance fee
 - \$2,408.84 per share/regulation without TV maintenance fee
 - *Too complex; too costly for conditional major facilities; didn't address minors*
- **Phased Combination Option (Option 1)**
 - Increase TV maintenance fee by 2.18x (4-year phase in)
 - Add \$800 Maintenance fee for conditional major facilities (4-year phase in)
 - Add \$120 Maintenance fee for minor sources (4-year phase in)
 - Increase and add new Expedited Review fees
 - Add new construction permit application fees
 - Request at least half of shortfall from General Fund
 - *Utilizes the 70/20/10 split for permit fees; General Fund dollars reduce fee burden on all facilities and helps to accounts for unpermitted and mobile source contributions (>40%); phase-in approach gives facilities time to adjust their budgets*



Option 1 Title V Maintenance Fee Increases (in addition to \$/ton)

Actual Emission Level	FY21 CURRENT	FY22	FY23	FY24	FY25 and forward
Less than 10 tons	\$500	\$650	\$800	\$950	\$1,100
10 tons to 50 tons	\$1,000	\$1,300	\$1,600	\$1,900	\$2,200
Greater than 50 tons to 100 tons	\$2,000	\$2,600	\$3,200	\$3,800	\$4,400
Greater than 100 tons to 250 tons	\$3,500	\$4,550	\$5,600	\$6,650	\$7,700
Greater than 250 tons to 1,000 tons	\$6,500	\$8,450	\$10,400	\$12,350	\$14,300
Greater than 1,000 tons	\$10,000	\$13,000	\$16,000	\$19,000	\$22,000



Option 1 Conditional Major and Minor Source Maintenance Fees (new) (in addition to \$/ton)

	FY22	FY23	FY24	FY25 and forward
Conditional Major	\$200	\$400	\$600	\$800
Minor Source	\$30	\$60	\$90	\$120

Option 1 New Construction Permit Application Fees

- Many other states have applications fees
 - SC one of few states without application fees
- Fees to be required for all construction permit applications
- Permit issuance timeframes already outlined in current Fee Regulations
- Fees comparable to other Region 4 states



Option 1 Construction Permit Application Fees (new)

Application Type	Application Fee
Prevention of Significant Deterioration (PSD) Construction Permit	\$20,000
PSD Construction Permit, impacting a Class I Area	\$25,000
Modification of PSD Construction Permit	\$5,000
112(g) Case-by-Case MACT	\$15,000
Non-attainment New Source Review (NSR) Construction Permit	\$35,000
Modification of Non-attainment NSR Construction Permit	\$15,000
Synthetic Minor Construction Permit (new or existing source)	\$5,000
Modification of Synthetic Minor Construction Permit	\$2,500
Construction permit (minor sources)	\$500



Option 1 Construction Permit Applications Fees cont. (new)

Application Type	Application Fee
Modification of minor source construction permit	\$250
Minor source construction permit (existing TV or Conditional Major source)	\$2,500
Modification of minor source construction permit (existing TV or Conditional Major source)	\$1,250
Registration Permits	\$150
Exemption Requests	\$100
General Minor Construction Permit	\$250
General Synthetic Minor Construction Permit	\$300
Construction permit with NSPS requirements ¹	\$500
Construction permit with NESHAP requirements ¹	\$500

¹This fee will be added to any other construction fee.

Expedited Review Program

- Currently operating as a pilot program
 - Required to be incorporated into regulations
 - Optional program – offers quicker issuance timeframes than regulatory timeframes in current Fee Regulations
 - Good quality application required
 - Controversial projects (citizen concerns) may not be accepted
 - ***Expedited review fees would be paid in addition to the construction permit application fee***
 - Incorporating the process into regulation
 - Increasing some existing fees and adding more permit types
 - Fees comparable to other Region 4 states



Current Expedited Review Fees

Permit Type	Fee	Permit Issuance Timeframe
Minor source construction	\$3,000	30 days
Synthetic minor construction	\$4,000	65 days (includes PN)
PSD (non-Class I area)	\$20,000	120 days (includes PN)
PSD (Class I area)	\$25,000	150 days (includes PN)
PSD Permit Modification (non-Class I)	\$5,000*	120 days (includes PN)
PSD Permit Modification (Class I)	\$5,000**	150days (includes PN)
112(g) Caseby Case MACT	\$5,000	90 days (includes PN)
Concrete minor source construction	\$1,500	10 days
Asphalt minor source construction	\$3,500	15 days

* per BACT limit requiring public notice (\$20,000 max)

** per BACT limit requiring public notice (\$25,000 max)

Public Notice (PN)



Option 1 Expedited Review Timeframes and Fees

(paid in addition to construction permit application fee)

Application Type	Issuance Time	Fee
Minor Source Construction Permit	30 days	\$4,500
Modification of Minor Source Construction Permit	30 days	\$250
Synthetic Minor Construction Permit	65 days	\$7,500
Modification of Synthetic Minor Construction Permit	65 days	\$1,000
Minor source construction Permit (existing TV or Conditional Major source)	35 days	\$4,500
Modification of minor source construction Permit (existing TV or Conditional Major source)	35 days	\$500
Prevention of Significant Deterioration (PSD) Permit, not impacting a Class I Area (no Class I modeling required)	120 days	\$30,000

Timeframes include 30-day public notice if required.



Option 1 Expedited Review Timeframes and Fees

(paid in addition to construction permit application fee)

Application Type	Issuance Time	Fee
PSD Permit, impacting a Class I Area (Class I modeling is required)	150 days	\$40,000
Modification of PSD Permit, not impacting a Class I Area (no Class I modeling required)	120 days	\$5,000 (per BACT limit change)
Modification of PSD Permit, impacting a Class I Area (Class I modeling required)	150 days	\$5,000 (per BACT limit change)
112(g) Case-by-Case MACT Determination (not part of a PSD construction permit)	90 days	\$10,000
Modification of 112(g) Case-by-Case MACT Determination (not part of a PSD construction permit)	90 days	\$2,500
Non-attainment New Source Review (NSR) Construction	200 days	\$70,000
Modification of Non-attainment NSR Construction	200 days	\$10,000 (per LAER change)

Timeframes include 30-day public notice if required.



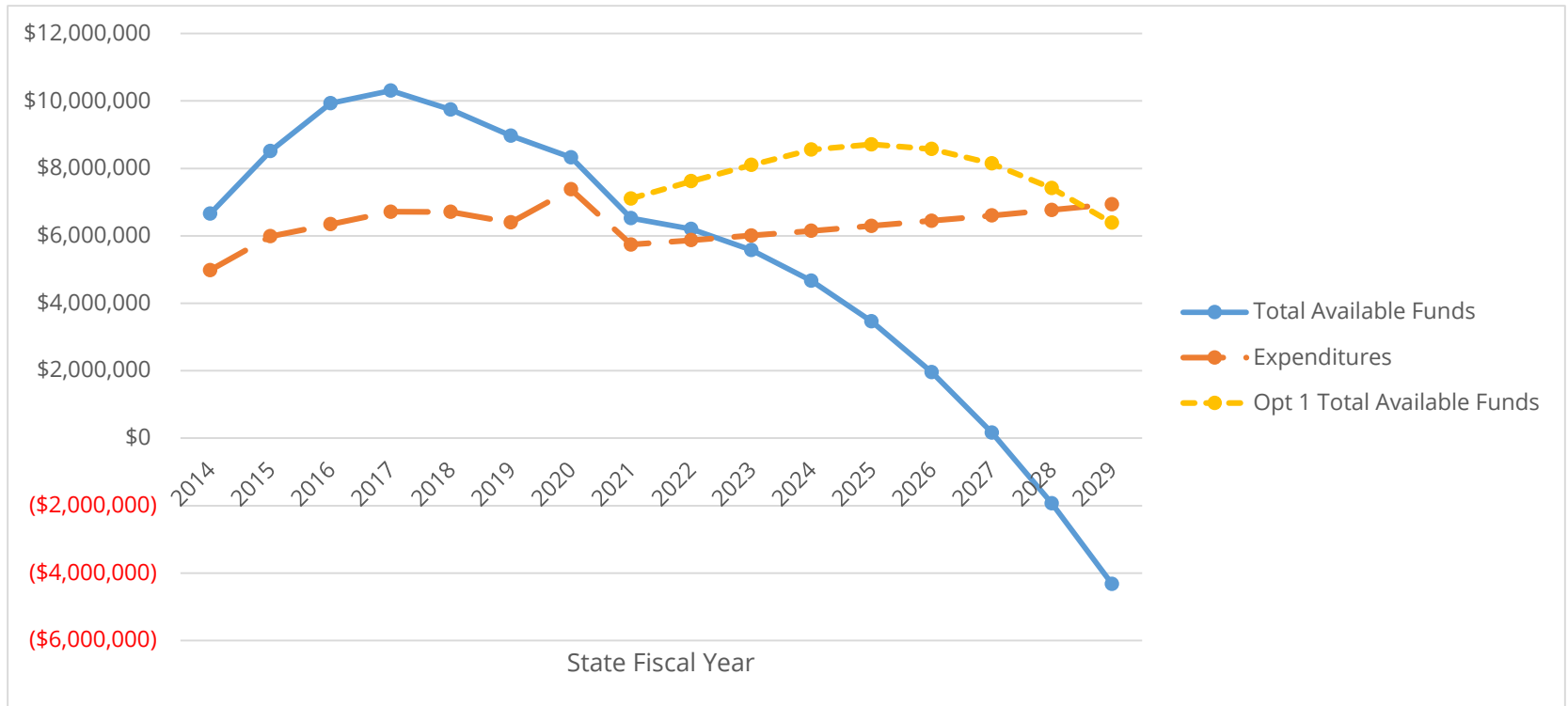
Option 1 Expedited Review Timeframes and Fees

(paid in addition to construction permit application fee)

Application Type	Issuance Time	Fee
Concrete Minor Source General Construction Permit	10 days	\$1,500
Asphalt Synthetic Minor General Construction Permit	15 days	\$3,500

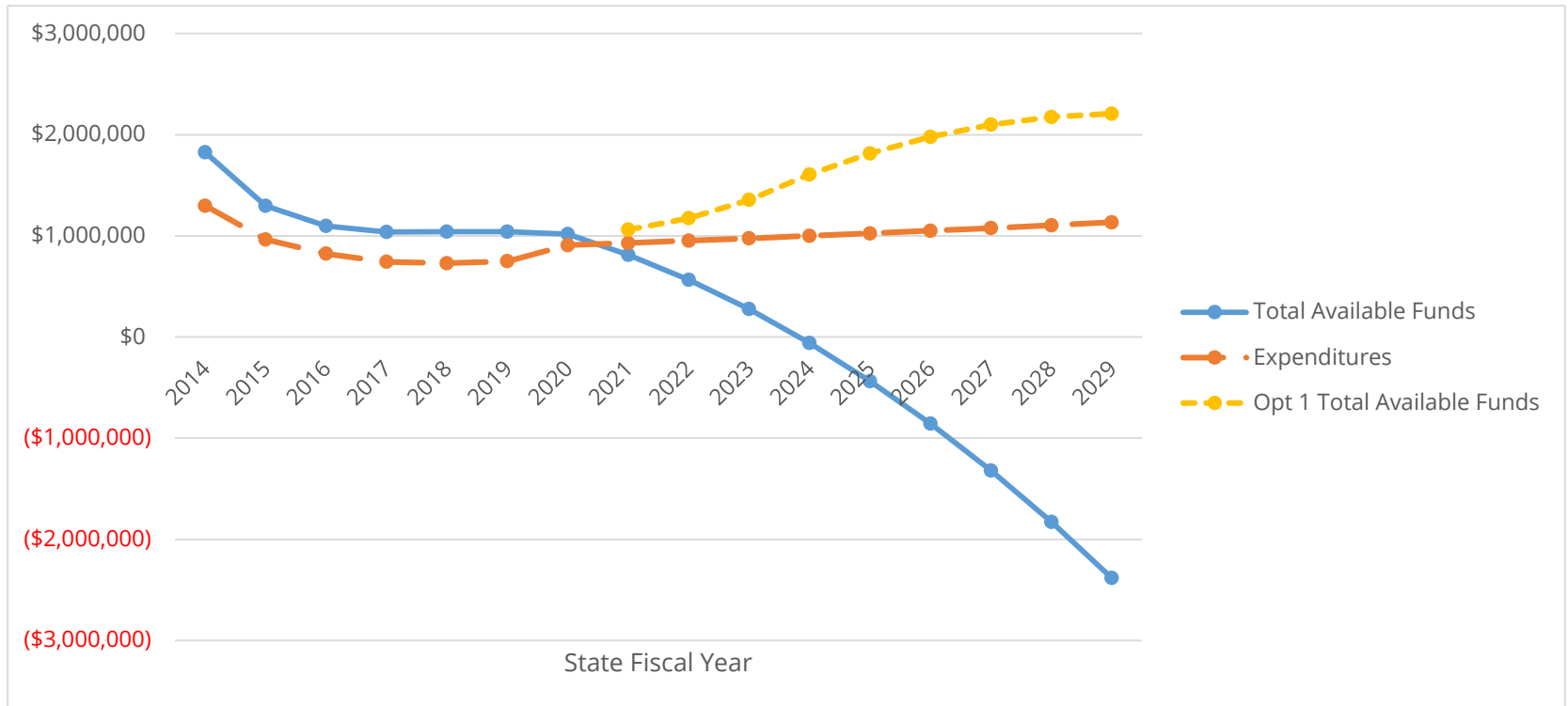


Title V Fees with Option 1 added Fee Revenue/General Fund Increase





Minor Source Fees with Option 1 added Fee Revenue/General Fund Increase





How New Funds Will Be Spent?

- Retain current staff levels (no new FTE's)
- IT: ePermitting, computer replacements, software/licenses
- Continue upgrades to aging statewide air quality monitoring network (critical to NAAQS compliance)
- Continue streamlining/improving efficiencies across bureau
 - Faster turnaround on permits, reduce operating permit backlog
- Required staff training
- Miscellaneous operating needs (supplies, vehicle/equipment replacements, gas)

Regulation Development Schedule

- Notice of Drafting (NOD) for Air and NPDES Fees
 - Published in *State Register* on July 26, 2019
 - 30-day public comment period (July 26 – August 26)
 - Written comments received from 2 industry groups
- No set dates for proposing or finalizing fee regulations

Notice of Drafting (NOD) Comments

- SC Chamber of Commerce
- SC Manufacturers Alliance
- Summary of comments:
 - Need more time to evaluate details
 - Need detailed case explaining the need for increased fees
 - Steps being taken to examine costs, streamlining, efficiencies
 - Compare fees to others states
 - Consider air pollution contributions from other sources (mobile, unpermitted sources)
 - How facilities will benefit from additional revenues? Title V backlog
 - Equitable share of increases across all sources
 - How will new fees comply with statutory requirements?
 - Limit tolling of permit review times
 - Request full amount of shortfall from General Funds

Most Frequently Asked Question: How much would my new fee be?

- Best estimate based on FY20 fee rate (may not be exact)
 - Can't predict future CPI rates
- See staff in the rear to get estimate





Questions? Feedback? Thoughts?

- Link to Today's Presentation Can be Found Here:
<https://www.scdhec.gov/airprogramfees>

Join the Stakeholder Group!



Contact Us



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