

Cleaner Air Oregon Fee Explanation and Examples



New fees are required to fully implement Cleaner Air Oregon. These proposed fees would be paid by all currently permitted air quality sources and some currently unpermitted sources that would be required to get air toxics permits only because of Cleaner Air Oregon.

Staffing Model

The fee proposal generates revenue sufficient to fund the staffing model presented below. The staffing resources outlined below supplement existing positions (authorized in 2016). Together the positions represent a baseline level of staffing needed to begin work on the 80 highest risk facilities within the first five years of the program. Note that the model includes positions at DEQ and OHA.

Proposed Cleaner Air Oregon Staffing Model
<i>Department of Environmental Quality</i>
1.0 FTE Environmental Engineer 3
Lead technical staff for Cleaner Air Oregon: reviews risk assessment applications, coordinates with regional permit writers, develops and reviews permit attachments, leads TBACT reviews, and develops internal training plans.
3.0 FTE Natural Resource Specialist 4 (Permit Writers)
Develops permit attachment in coordination with EE3 and regional permitting staff, reviews community engagement plans in consultation with the Oregon Health Authority, provides technical assistance to facilities regarding permitting requirements and supports internal training activities.
1.0 FTE Natural Resource Specialist 4 (Modeler)
Provides technical assistance to sources on risk assessment modeling protocol development, reviews and approves risk assessment modeling protocols, reviews and approves risk assessment modeling results, conducts area multi-source risk determinations.
1.0 FTE Natural Resource Specialist 4 (Risk Assessor)
Provides technical assistance to sources on health risk assessment protocol development, reviews and approves health risk assessments, supports risk communication activities, and consults with the Oregon Health Authority on updates to Risk Based Concentrations.
0.5 FTE Information Systems Specialist 5
Provide information technology infrastructure to support new permitting program, including creating and managing new databases for emissions and updating TRAACS to incorporate Cleaner Air permit attachments.
0.25 FTE Environmental Law Specialist

Proposed Cleaner Air Oregon Staffing Model
Office of Compliance and Enforcement staff time to coordinate/lead Cleaner Air Oregon enforcement activities.
0.2 FTE Principal / Executive Manager E
Regional Air Quality Manager supervision and oversight of Cleaner Air Oregon work occurring in the regions.
1.0 FTE Program Analyst 2 (Technical Assistance/Community Outreach Coordinator)
Provide specialized technical assistance to impacted parties (regulated entities and citizens) on Cleaner Air Oregon regulations, requirements and processes.
<i>Oregon Health Authority</i>
0.75 FTE Natural Resource Specialist 4
Lead toxicologist responsible for facility-specific non-cancer Risk Action Level determination reviews, coordinating updates to Risk Based Concentrations, reviewing public engagement plans, review facility-specific monitoring plans, develop health-based interpretations of modeling/monitoring results and consult on health risk messaging.
0.75 FTE Public Health Toxicologist
Assist the lead toxicologist during facility-specific non-cancer Risk Action Level determination reviews, provide research and analytic support to inform updates of Risk Based Concentrations, support the development of health-based data interpretations, and provide technical assistance to OHA and DEQ staff on the development of health risk communication materials. (Budgeted at 0.75 FTE)
0.50 FTE Public Health Educator
Support community engagement and risk communications activities, prepare for and participate in public meetings, review community engagement plans, and prepare materials to communicate about risks related to facilities for which we have partial or full EI information but full risk assessments have not yet been completed.
0.10 FTE Principal / Executive Manager D
Provide management and oversight to OHA staff involved in Cleaner Air Oregon activities.

Proposed Fees

The agencies are proposing a fee structure with two elements; base and activity fees. The two elements correspond to input received from fee-paying stakeholders that the fees be predictable on a year-to-year basis *and* that the fees reflect that certain facilities (i.e., those actively working through the requirements) are receiving a higher level of service from the agencies.

Annual Base Fee: The proposed annual base fee would be assessed on all sources who currently hold an air permit (state Air Contaminant Discharge Permit or federal Title V permit). Base fees differ based on a facility's existing permit class. While the dollar amount varies based on existing permit type, the Cleaner Air Oregon base fee is *proportionately* equivalent

(approximately 24.6% of existing fee in 2017) across permit categories. Note that Title V permit holders would pay a flat fee and an emissions-based (per-ton) fee. This is consistent with the existing approach to Title V permit fees.

Activity Fees: A schedule of one-time fees that correspond to elements of the draft rules that require agency review and/or approval. A “call-in” fee is assessed on all sources at the time they are called in to the program and covers the agencies’ costs associated with orienting a source to the program, reviewing risk assessment protocols and providing technical assistance. Additional activity fees are collected at the time a facility is seeking approval of risk assessment work and/or other approvals described in rule (e.g., conditional risk level, air toxics Best Available Control Technology review, monitoring protocol review etc.). Because the type of risk assessment method used is at the discretion of the facility and because subsequent approvals needed are based on the results of those risk assessments, activity fee revenue forecasting has more uncertainty than base fee revenue. Assumptions used in forecasting activity fee revenue are described in the next section.

Assumptions

DEQ and OHA used the following assumptions in designing the fee proposal.

Forecasting costs

- Salaries for positions that are not topped out will increase one step per fiscal year.
- Using 2015-17 (\$175/hour) to 2017-19 (\$182/hour) rate increase as a baseline, DOJ costs will increase 4% per biennium.
- Using 2017-19 Budget and Legislative Concept Instructions (<http://www.oregon.gov/das/Financial/Documents/2017-19%20Budget%20Instructions%20-%20final.pdf>), p. 6, as a resource:
 - Medical costs will increase by 4.1% per biennium.
 - Personnel costs will increase by 4.1% per biennium.
 - Services & Supplies increase by 3.7% per biennium.
- The US Environmental Protection Agency will approve an indirect rate of 20.28% and it will remain constant for five years.

Forecasting program activity levels

- DEQ and OHA assumed that the first 80 sources that will be called-in would be required to submit the more complex Risk Assessments because their risk is estimated to be the highest of all permitted sources. It is proposed that facilities are called into the program in annual waves of 20 facilities. Given that assumptions, it is predicted that not all 80 initial Risk Assessment would be completely reviewed nor would Air Toxics Permit Attachments be issued for all of these sources within the 5 year period.
- Agency staff, in consultation with staff from states who operate similar programs, have developed estimates of the number and types of activity fees that the first 80 facilities will be required to pay. These estimates are purely for the purpose of forecasting activity fee revenue and are not an estimate of risk levels based on emissions inventory data. In summary, it is estimated that:

- 25 of the 80 facilities will meet their compliance obligation through a level 3 risk assessment
- 20 of the 80 facilities will meet their compliance obligation through a level 4 risk assessment
- 5 of the 80 facilities will meet their compliance obligation through a risk reduction plan
- 20 of the 80 facilities will meet their compliance obligation through a conditional risk level
- 5 of the 80 facilities will meet their compliance obligation through a conditional risk level and risk reduction plan
- 5 of the 80 facilities will meet their compliance obligation through a director consultation and conditional risk level.

Proposal

DEQ is proposing the Cleaner Air Oregon program fee (Table 1) and the Cleaner Air Oregon Activity Fees (Table 2).

Table 1 – Annual Cleaner Air Oregon Program Base Fees

Permit Category	Cleaner Air Oregon Program Base Fee
Basic ACDP	\$106
General ACDP – Class I*	\$213
General ACDP – Class II	\$383
General ACDP – Class III	\$553
General ACDP – Class IV	\$106
General ACDP – Class V	\$35
General ACDP – Class VI	\$71
Simple ACDP - Low	\$568
Simple ACDP – High	\$1,136
Standard ACDP	\$2,271
Title V	\$2,013 + \$15.22/ton

*The fee classes are defined in OAR 340-216-0060 for the different types of General Permits.

Table 2 - Cleaner Air Oregon Specific Activity Fees

ACTIVITY	Permit Type			
	Title V	Standard	Simple	General/Basic
Existing Source Call-In Fee	\$10,000	\$10,000	\$1,000	\$500
New Source Consulting Fee	\$12,000	\$12,000	\$1,900	\$1,000
Reevaluation Fee	\$5,000	\$5,000	\$250	\$250
Risk Below Risk Action Levels				
Level 1 Risk Assessment - de minimis (no permit attachment required)	\$1,500	\$1,500	\$1,000	\$800
Level 1 Risk Assessment - permit attachment required	\$2,000	\$2,000	\$1,500	\$1,100
Level 2 Risk Assessment - de minimis (no permit attachment required)	\$2,700	\$2,700	\$2,000	\$1,600
Level 2 Risk Assessment - permit attachment required	\$3,000	\$3,000	\$2,200	\$1,700
Level 3 Risk Assessment - de minimis (no permit attachment required)	\$9,000	\$8,400	\$5,500	\$4,700
Level 3 Risk Assessment - permit attachment required	\$13,300	\$10,900	\$7,700	\$6,800
Level 4 Risk Assessment - de minimis (no permit attachment required)	\$25,100	\$21,500	\$13,100	NA
Level 4 Risk Assessment - permit attachment required	\$31,500	\$25,500	\$15,800	NA
Risk Reduction Plan Application	\$47,900	\$46,000	\$27,300	\$27,300
Risk Above Risk Action Levels				
Conditional Risk Level Application	\$58,900	\$58,900	\$30,900	\$30,900
Source Ambient Monitoring Plan Application (includes risk assessment)	\$59,400	\$59,400	NA	NA
Source Ambient Monitoring Plan Application (plan review, data analysis only)	\$21,000	\$21,000	NA	NA
Director Consultation Fee (always combined with conditional risk level fee)	\$10,000	\$10,000	\$7,700	\$7,700
Postponement of Risk Reduction Application Fee (always combined with conditional risk level fee)	\$4,400	\$4,400	\$2,000	\$2,000
Other Fees				
Level 2 Modeling review only	\$1,300	\$1,300	\$700	\$700
Level 3 Modeling review only	\$5,300	\$5,300	\$3,100	\$3,100
TBACT Analysis (per Toxic Emissions Unit)	\$6,000	\$6,000	\$3,000	\$3,000
Expedited Permit Attachment Fee	specific activity fee + 20%			
DEQ Attendance at New Source Public Meeting (>5 & < 10 in 1 MM)	\$2,400	\$2,400	\$2,400	\$2,400
Source Test Review Fee (plan and data review)	\$5,900	\$5,900	\$5,900	\$5,900

Fee Scenarios

Specific Activity Fees may or may not be additive. The fees for sources whose risk is estimated to be under Risk Action Levels (Level 1 through 4 Risk Assessment fees and the Risk Reduction Plan Application fee) are not additive. If a source triggers one of these risk assessment levels, the fee in Table 3 is the only Specific Activity fee they would have to pay. The fees for sources whose risk is estimated to be above Risk Action Levels could be additive. If a source requires Director Consultation or a postponement of risk reduction, those two fees are always added to the Conditional Risk Level Application fee.

The fees in the “Other Fees” category may be additive. If a source requests approval of a Toxics Emissions Unit that may or may not need an Air Toxics Permit Attachment modification, modeling may be required so that fee would be additive to the Air Toxics Permit Attachment modification fee. The Expedited Permit Attachment fees would always be additive to any fee required. The DEQ Attendance at a New Source Public Meeting fee would be additive to the Level 1-4 Risk Assessment fees if estimated cancer risk is between 5 and 10 in 1 million or a Hazard Index of between 0.5 and 1 for noncancer risk.

Scenario 1

A new source wants to build in Oregon and the estimated cancer risk is 8 in 1 million and Hazard Index of 0.3. This new source would also be required to obtain a Standard Air Contaminant Discharge Permit and would pay the appropriate Air Contaminant Discharge Permit fees. The source submits an application for a Level 3 Risk Assessment. In this scenario, the following Cleaner Air Oregon fees would apply:

• New Source Consulting Fee	\$12,000 (paid upon initial contact with source)
• Annual Cleaner Air Oregon Program Fee	\$ 2,271 (paid on December 1)
• Level 3 Risk Assessment	\$10,900 (paid upon application submittal)
• DEQ Attendance at Public Meeting	<u>\$ 2,400</u> (paid upon application submittal)
TOTAL FEES	\$27,571

Scenario 2

An existing Title V source has an estimated cancer risk of 130 in 1 million and Hazard Index of 8. This source must submit a Conditional Risk Level application that requires Director Consultation. In this scenario, the following fees would apply:

• Existing Source Call-In Fee	\$10,000 (paid upon call-in)
• Annual Cleaner Air Oregon Program Fee	\$ 2,013 (paid 30 days after invoiced)
• Annual Cleaner Air Oregon Program Fee based on emission fees	TBD (paid 30 days after invoiced)
• Conditional Risk Level Application	\$58,900 (paid upon application submittal)
• Director Consultation Fee	<u>\$10,000</u> (paid upon application submittal)
TOTAL FEES	\$80,913 + TBD

Table 3 shows different scenarios and what fees are required with those risk assessments.

Table 3 - Specific Activity Fee Examples

Example	Annual Base Fee	Call-In Fee	Specific Activity Fee 1	Specific Activity Fee 2	Emission Fee for Title V Sources	Total*
Examples for Facilities Applying for CAO Air Toxics Permits Attachments						
An existing facility with a General ACDP performs a Level 2 Risk Assessment using AERSCREEN and can screen out below Risk Action Levels as de minimis	\$ 553	\$ 500	\$ 1,600	NA	NA	\$ 2,653
An existing facility with a Title V permit performs a Level 3 Risk Assessment using AERMOD and can screen out below Risk Action Levels as de minimis	\$ 2,013	\$ 10,000	\$ 9,000	NA	\$15.34/ton	\$ 21,013
An existing facility with a Title V permit performs a Level 3 Risk Assessment using AERMOD, is above de minimis and is permitted to stay below Risk Action Levels	\$ 2,013	\$ 10,000	\$ 13,300	NA	\$15.34/ton	\$ 25,343
An existing facility with a Standard ACDP permit applies for Risk Reduction Plan but submits an incomplete application	\$ 2,271	\$ 10,000	\$ 46,000	\$ 5,000	NA	\$ 63,271
An existing facility with a Title V source requests Conditional Risk Level with Director consultation with inability to pay	\$ 2,013	\$ 10,000	\$ 58,900	\$ 14,400	\$15.34/ton	\$ 85,313
An existing facility with a Standard ACDP source requests ambient monitoring plan option at Level 4	\$ 2,271	\$ 10,000	\$ 25,500	\$ 21,000	NA	\$ 58,771
An existing facility with a Title V source requests ambient monitoring plan review option at Conditional Risk Level	\$ 2,013	\$ 10,000	\$ 59,400	NA	\$15.34/ton	\$ 71,413
Examples for Facilities with Existing CAO Air Toxics Permit Attachments						
An existing facility with a Simple ACDP requests approval of one new de minimis Toxics Emissions Unit, potential risk stays below Risk Action Level, already has Air Toxics Permit Attachment	\$ 0	\$ 0	\$ 0	NA	NA	\$ 0
An existing facility with a Standard ACDP requests approval of two new Toxics Emissions Units that require a permit attachment modification but potential risk stays below Risk Action Level, already has Air Toxics Permit Attachment	\$ 0	\$ 0	\$ 4,000	NA	NA	\$ 4,000

*need to add emission fees for Title V sources