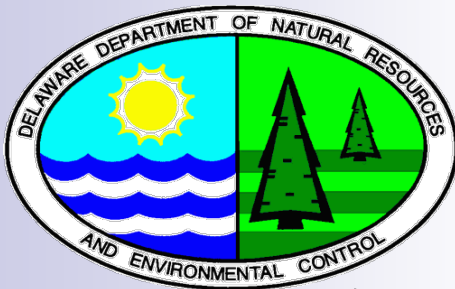


Natural Minor (Reg.1102) Fee Public Workshop



2021

Blue Skies Delaware; Clean Air for Life

Director's Comments & Introductions



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Workshop & Agenda

- March 9 at 6:00 pm
 - March 11 at 1:30 pm
 - Please submit feedback by March 19
-
- Director's Comments & Introductions 5 Min.
 - Background 5 Min.
 - Fee Initiative Overview & Summary 15 Min.
 - Open Discussion (Q & A) 30 Min.
 - Closing Comments 5 Min.



NM (Reg. 1102) Introduction

- Natural Minor (NM) permit requirements are outlined in Delaware Regulation 1102
- Permits issued under NM Program include:
 - Construction permits for Synthetic Minor and Title V Sources
 - NM facility permits for Area Sources (dry cleaners, auto-body shops, lead paint removal from water towers)
 - Natural Minor equipment permits for construction and operation:
 - Control devices (baghouses, scrubbers, cyclones)
 - Equipment (boilers, engines, paint booths)
 - Generators (emergency and distributed)
- Natural Minor facilities can have more than one NM permit
- Fees are charged on a per permit basis



NM (Reg. 1102) Fee Background

- Current fees (construction & annual permit) set in 1991
 - Fees were set through legislation
 - As of 2021, 30 years have passed without a fee adjustment
- Program relies heavily on Federal & State Funds
 - Fees do not generate sufficient revenue to sustain the program
 - Estimates indicate revenue = 25% of program costs
- Current fee structure does not consider complex regulation review/applicability
 - Equipment/Processes that require incorporation of complex federal regulations
 - Distributed generators
 - Data Center permits for facilities that did not go forward



2020 Background

- Introduced and intended to be incorporated with the 2021-2023 Title V air permitting fee renewal
 - In January/February 2020, DAQ provided multiple communications and presented a public workshop for the regulated community
 - Participation was limited, but supportive of a long-overdue fee increase for the NM program.
- Initiative was postponed in March 2020
- In 2021, work on the fee initiative has resumed:
 - Seeking your comments and feedback
 - Potential fee increase through stand-alone legislation
 - Shift 2022 billing cycle to January – December 2022



NM Fee Recommendation

- Three-phase strategy to increase program revenue
 - Each phase: 3 years, to observe/assess, provide budget stability & planning
 - **Phase One:** Initial revenue goal of ~50% of the current estimated program costs (2021 Legislative Session)
 - Effective January 1, 2022
 - **Phase Two:** Second revenue goal of ~75% of the revised program costs (2024 Legislative Session)
 - Effective January 1, 2025.
 - **Phase Three:** Third revenue goal of ~100% of the actual program costs (2027 Legislative Session)
 - Effective January 1, 2028.
 - Reevaluate at the end of each phase to ensure recommendations are appropriate to achieve revenue goals



NM Fee Recommendation

- Consolidate and simplify fee structure – from 38 to 15 billable fees
- Establish seven application complexity fees
 - Based on regulatory applicability thresholds
 - Example: Data Center
- Phased strategy will:
 - Avoid one large fee increase
 - Provide flexibility to continuously measure, assess and adjust future fee cycles
 - Provide budget planning and stability during each cycle
 - Minimize the dependency on Federal & State Funds
 - Reallocate Federal & State Funds to their intended programs & activities



NM Fee Recommendation

- Application Fees:
 - Charged at the time of application
 - Charged based on the number of permits required
- Annual Fees:
 - Charged on an annual basis
 - Charged after the issuance of operating permit
- Complexity Fees:
 - Charged at the time of application
 - Charged based on applicable requirements
- Facilities with active Title V and Synthetic Minor permits in good standing would not be subject to these fees



Recommended Application Fees

| Natural Minor (Reg. 1102) Fee Proposal, Phase I Only | | | |
|--|------------------|--------------|-----------------------|
| Fee Description | Fee Occurrence | Current Fees | Phase I Proposed Fees |
| Application Fees | | | |
| Fuel Burning Unit – Consolidated | Each Application | \$165 | \$300 |
| Process Unit – Consolidated | Each Application | \$215 | \$400 |
| VOC Unit | Each Application | \$180 | \$300 |
| VOC Sys. – Gasoline Disp. Facility | Each Application | \$120 | \$250 |
| VOC Sys. – Dry Cleaning Facility | Each Application | \$265 | \$500 |
| Water Tank Lead Paint Removal | Each Application | \$215 | \$350 |
| Temp. Emergency Variance | Each Application | \$1,000 | \$1,750 |
| Variance | Each Application | \$5,000 | \$9,000 |
| Amendment to Permit | Each Application | \$175 | \$300 |



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Recommended Annual Fees

| Natural Minor (Reg. 1102) Fee Proposal, Phase I Only | | | |
|--|----------------|--------------|-----------------------|
| Fee Description | Fee Occurrence | Current Fees | Phase I Proposed Fees |
| Annual Fees | | | |
| Fuel Burning Unit – Consolidated | Annual | \$75 | \$125 |
| Process Unit – Consolidated | Annual | \$125 | \$200 |
| VOC Unit | Annual | \$75 | \$125 |
| VOC Sys. – Gasoline Disp. Facility | Annual | \$75 | \$125 |
| VOC Sys. – Delivery Vessel | Annual | \$50 | \$85 |
| VOC Sys. – Dry Cleaning Facility | Annual | \$175 | \$300 |



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Recommended Complexity Fees

| Natural Minor (Reg. 1102) Fee Proposal, Phase I Only | | | |
|--|------------------|--------------|-----------------------|
| Fee Description | Fee Occurrence | Current Fees | Phase I Proposed Fees |
| Application Complexity Fees | | | |
| MNSR (Minor New Source Review) | Each Application | N/A | \$3,000 |
| EOP (Emission Offset Provisions) | Each Application | N/A | \$12,000 |
| PSD (Prevention of Significant Deterioration) | Each Application | N/A | \$12,000 |
| *MACT (Maximum Achievable Control Technology) | Each Application | N/A | \$3,000 |
| *NESHAP (National Emission Standards for Hazardous Air Pollutants) | Each Application | N/A | \$3,000 |
| *NSPS (New Source Performance Standards) | Each Application | N/A | \$3,000 |
| Distributed Generator Regulation 1144 | Each Application | N/A | \$3,000 |

* Emergency Generators and Natural Gas Boilers not included.



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What are Complexity Fees?

| Complexity Fee Examples | |
|--|--|
| MNSR (Minor New Source Review) | PTE > 5-Tons Per Year (VOC, NO _x , SO _x , PM 2.5, HAPS) |
| EOP (Emission Offset Provisions) | New Major Source Nonattainment Pollutant |
| PSD (Prevention of Significant Deterioration) | New Major Source Attainment Pollutant |
| *MACT (Maximum Achievable Control Technology) | 40 CFR Part 63 |
| *NESHAP (National Emission Standards for Hazardous Air Pollutants) | 40 CFR Part 61 |
| *NSPS (New Source Performance Standards) | 40 CFR Part 60 |
| Distributed Generator Regulation 1144 | Self Explanatory |

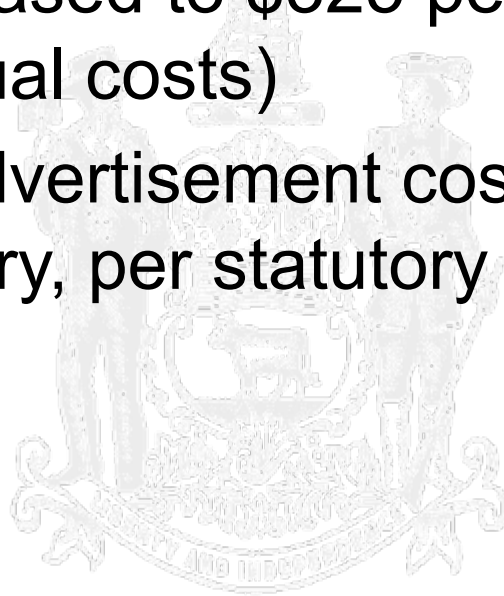
* Emergency Generators and Natural Gas Boilers not included.



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Advertisement Fee

- No proposal to increase at this time
- Recently increased to \$325 per advertisement (based on actual costs)
- Will monitor advertisement costs and adjust when necessary, per statutory authority



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Where Does Your Permit Fall?¹⁵

| Permit Category Examples | |
|------------------------------------|--|
| Fuel Burning Unit – Consolidated | Oil Boilers, Natural Gas Boilers, Waste Oil Heaters, Crematories, Poultry Incinerators |
| Process Unit – Consolidated | Auto Body Shops, Generators, Engines, Control Equipment (Oxidizers, Baghouse, Scrubbers, etc.) |
| VOC Unit | Fuel Storage, Degreaser, Storage Tanks |
| VOC Sys. – Gasoline Disp. Facility | Self Explanatory |
| VOC Sys. – Delivery Vessel | Self Explanatory |
| VOC Sys. – Dry Cleaning Facility | Self Explanatory |
| Water Tank Lead Paint Removal | Self Explanatory |
| Temp. Emergency Variance | 7 Del. C. § 6012 Temporary emergency variances Temporary Permit (limited to 180 days, special circumstances such a critical failure of equipment) |
| Variance | 7 Del. C. § 6011 Variance |
| Amendment to Permits | Self Explanatory |



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Summary

- Fees Established in 1991, unchanged in 30 years
 - Current fees generate 25% program costs
 - Significantly supplemented by Federal & State funds
- Recommend three-phase approach to update fees
 - Allows for continuous monitoring, evaluation and adjustment
 - Unrealistic to fix in one sweeping change
 - Changes are weighted more heavily to application fees rather than annual fees
- Establishes specific language in Delaware Code
- Achieve a self-sustaining fee structure (through future adjustments)
- Reallocate funds to intended programs and activities



Questions about this initiative



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Your Feedback is Appreciated

Please email any additional questions or comments to

daqpermittinginfo@delaware.gov

or

Contact our Staff (302) 739-9402

Please respond NLT March 19, 2021.

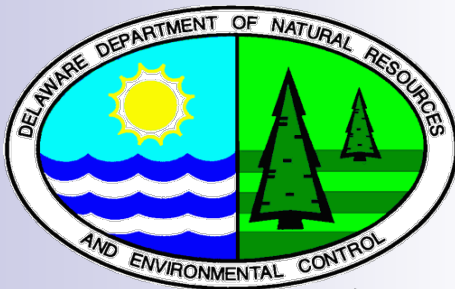
Meeting Information

<https://de.gov/airquality>



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