

# Title V Permit Program Proposed Fees

Keith Overcash, PE  
Director, Division of Air Quality  
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# Title V Permit Program

- Refers to “Title V” of the Federal Clean Air Act of 1990
- Title V facilities are those which emit
  - 100 tons/year of regulated pollutants, or
  - 10 tons/year of any hazardous air pollutant, or
  - 25 tons/year of all hazardous air pollutants
- *Title V air permit program MUST be funded only by Title V permit fees*

# Title V Permit Program

- North Carolina Clean Air Act Advisory Council, Final Report (1992)
  - Program is more than just issuing the initial permit, it includes all aspects of running the program
  - Air modeling, modifying permits to add new processes, renewing permits on periodic basis, performing compliance inspections, initiating enforcement for violations if warranted, responding to complaints, evaluating test results, monitoring, public participation, small business assistance, legal counsel
  - Administrative costs related to Title V program; rent, utilities, travel, etc.

# Authority for Title V Permit Fees

- NCGS § 143-215.3A authorizes fees
  - Set by the EMC, 15A NCAC 02Q .0203
- Statute allows a surplus balance
  - Compensate for temporary dips or delays in revenue streams
- Rebates offered to industry if surplus is too large

# Title V Permit Program

- North Carolina has 300+ Title V facilities
  - Utilities (Duke Energy, Progress Energy)
  - Manufacturing facilities (Goodyear, Firestone, Triangle Brick, Blue Ridge Paper)
  - Other industrial sites (Nucor, PCS Phosphate)
  - Animal processing plants (Smithfield, Perdue)
  - Public landfills, universities, and hospitals
- Over 600 other facilities have accepted operating restrictions to opt out of the Title V program
  - Still permitted, but not subject to Title V or Title V fees

# Title V Permit Program

- Fee structure
  - One-time permit application fee
    - Five-year renewals are no-cost
  - All Title V facilities
    - Annual flat basic permit fee
    - Annual tonnage fee
  - Certain Title V facilities, depending on geographical locale and types of emissions
    - Additional annual flat nonattainment area fee, applied in counties that do not attain the Federal air quality standards
  - Caps
    - Tonnage fee is capped at 4,000 tons per pollutant

# Title V Permit Fees

- Fees were initially set in 1994
  - Annual inflation adjustment is allowed, but not always applied

Year	Tonnage Factor	Basic Permit Fee	Nonattainment Area Added Fee
1994	\$14.63	\$5,100	\$2,600
2007	\$18.10	\$6,311	\$3,297

# Title V Program: Looming Deficits

- No Consumer Price Index (CPI) adjustment for a number of years, revenues were flat
- Expenses increased
  - Office space, utilities, other support costs
  - Recent legislative pay raises to employees
- Zero appropriations
- Cost of program must be met through permit fees



# Title V Program: Looming Deficits

- Workload is not decreasing
  - Growing state economy
  - Increasing regulatory demands
    - Tighter environmental standards (ozone, fine particles)
    - New issues (climate change)
- Maintain service to industry and public
  - Timely permit issuance
  - Timely response to concerns
  - Timely response to requested permit modifications

# Proposed Permit Fee Increases

- Discussed concept with affected industry last summer (2007)
- Took draft rule to the EMC in September
- Public hearing was held in November
- EMC approved rules in January 2008
- Fee increases could become effective in March/April 2008

# Proposed Fee Increases

Year	Tonnage Fee	Basic Permit Fee	Nonatt't Area Added
2007	\$18.10	\$6,311	\$3,297
2008	\$22.50	\$6,500	\$3,500
2009	\$25.00	\$6,500	\$3,500
2010	\$27.50	\$6,500	\$3,500
2011	\$30.00	\$6,500	\$3,500
2012 and on	Fee increase would match the Consumer Price Index (CPI) to keep up with inflation		

# Current Title V Permit Fees of Neighboring States (\$/ton)

North Carolina	\$18.10 (current) \$30.00 (effective 2011)
Virginia	\$42.55
Tennessee	\$37.00
Georgia	\$28.05
South Carolina	\$41.02

# Consequences of Inadequate Title V Funding

- Title V is required by the Federal Clean Air Act
  - EPA has delegated operation of program to NC DAQ
- If NC's program is deemed inadequate by EPA
  - EPA could revoke the delegation
  - EPA would operate the program themselves out of their regional office in Atlanta, GA
- EPA's program would cost more (\$42/ton)
  - Title V permits issued by EPA employees
  - Inspections performed by EPA employees
  - Enforcement (penalties) determined by EPA managers