FEES: 2010

The Cost of Clean Air

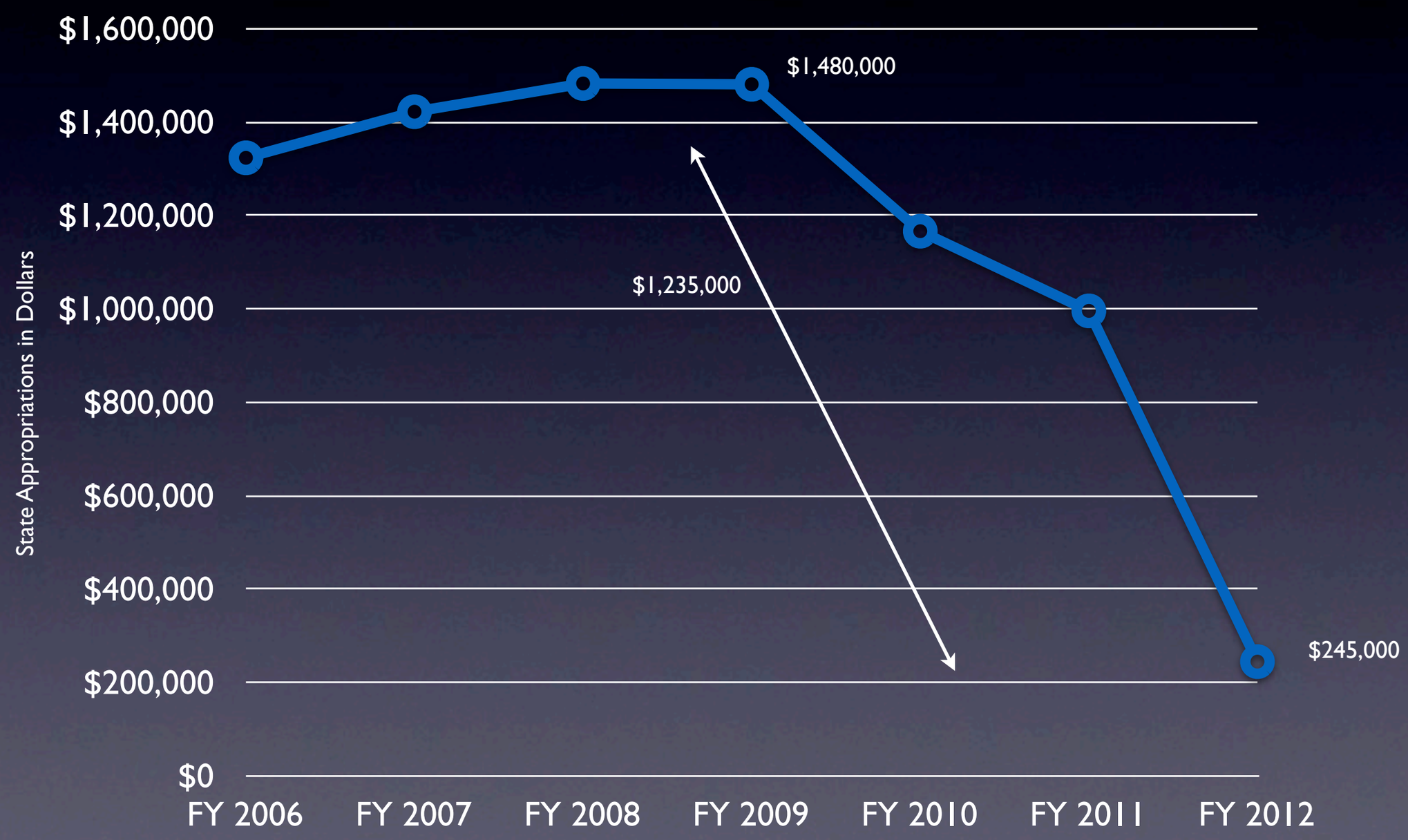
Air Quality Advisory Council
Wednesday, October 27, 2010

Why?

- Legislative appropriations are down

Income History

State Appropriations

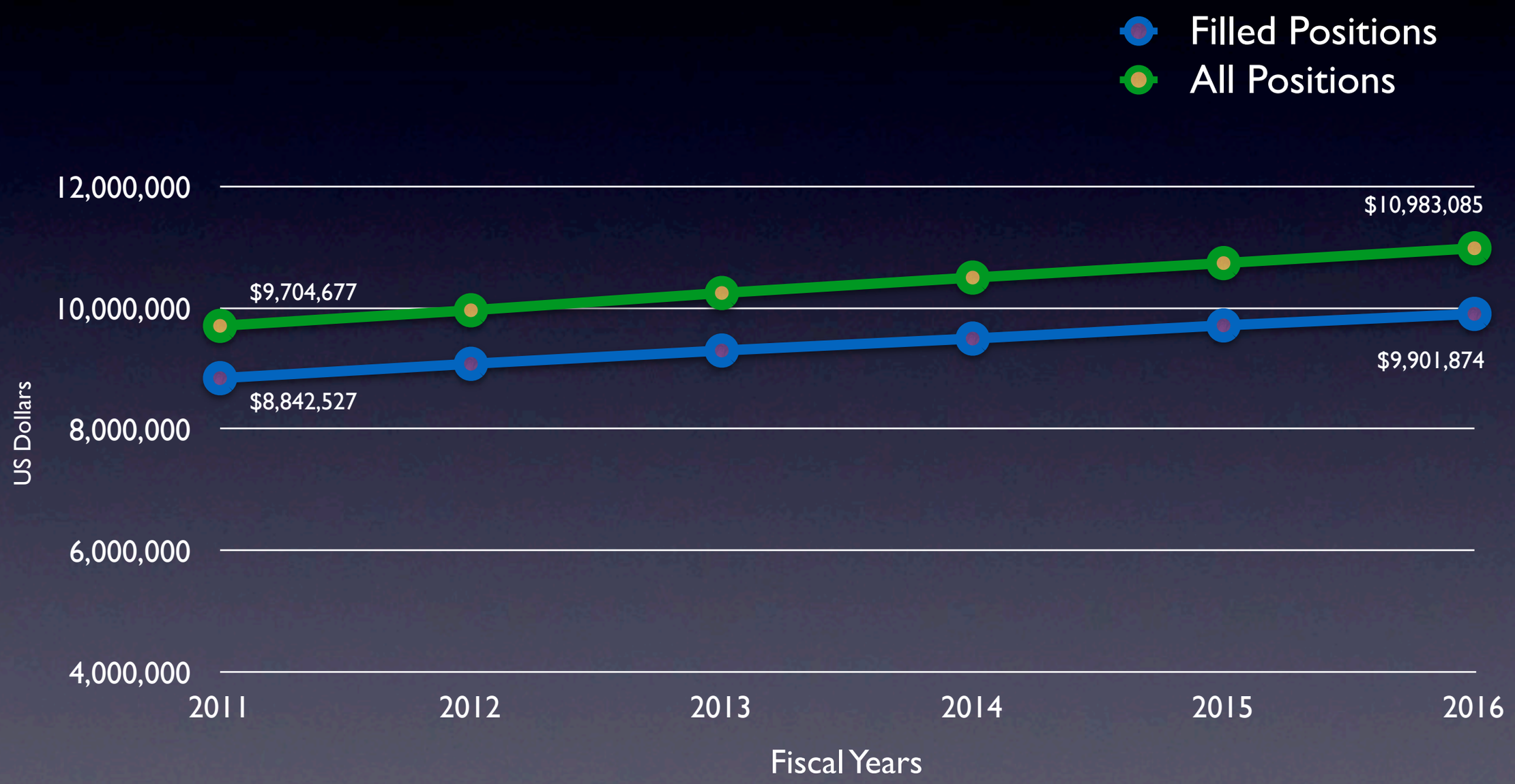


Why?

- Legislative appropriations are down ✔
- Costs of employee benefits are up

Air Quality Division

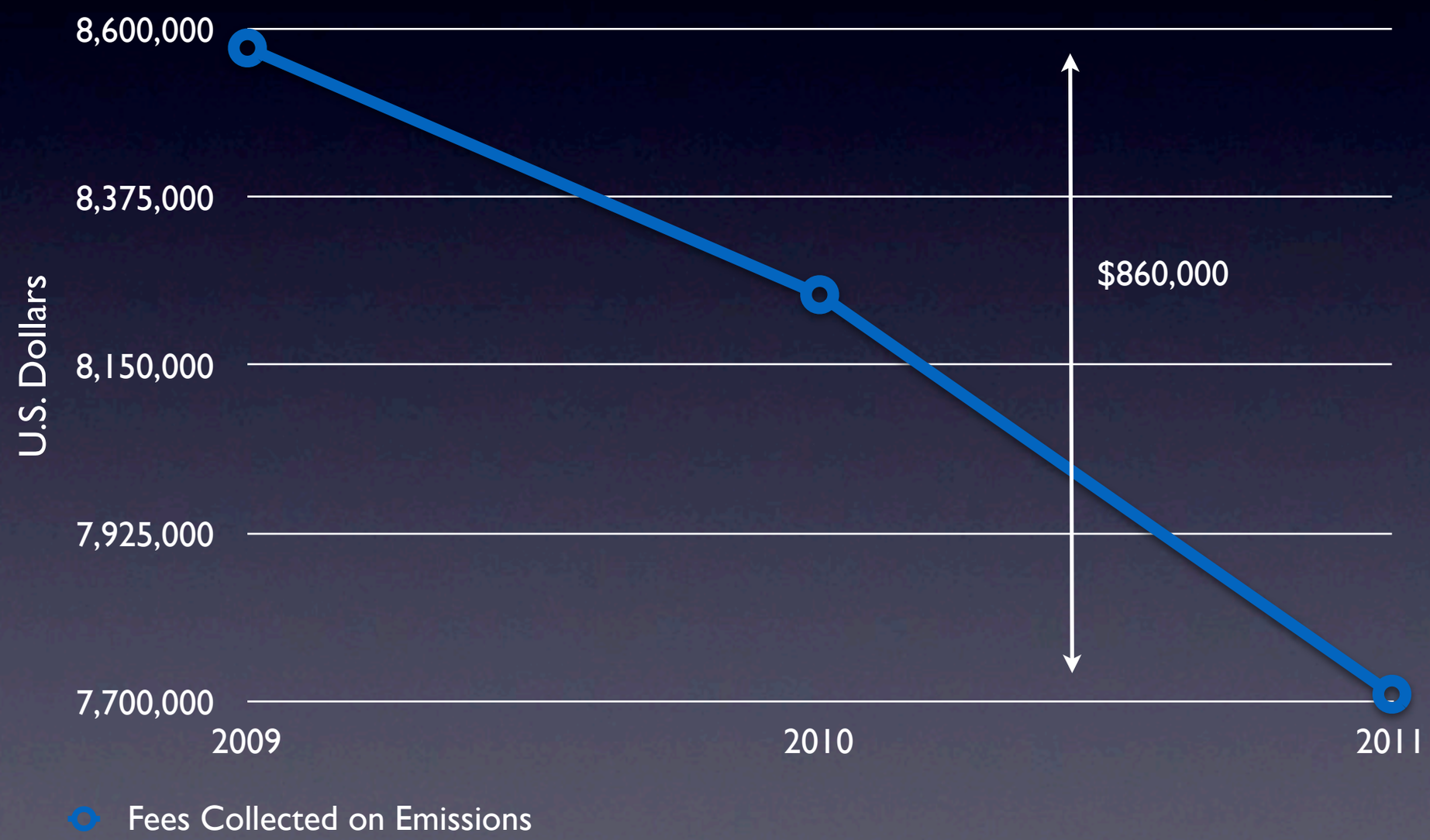
Personnel Cost Projection



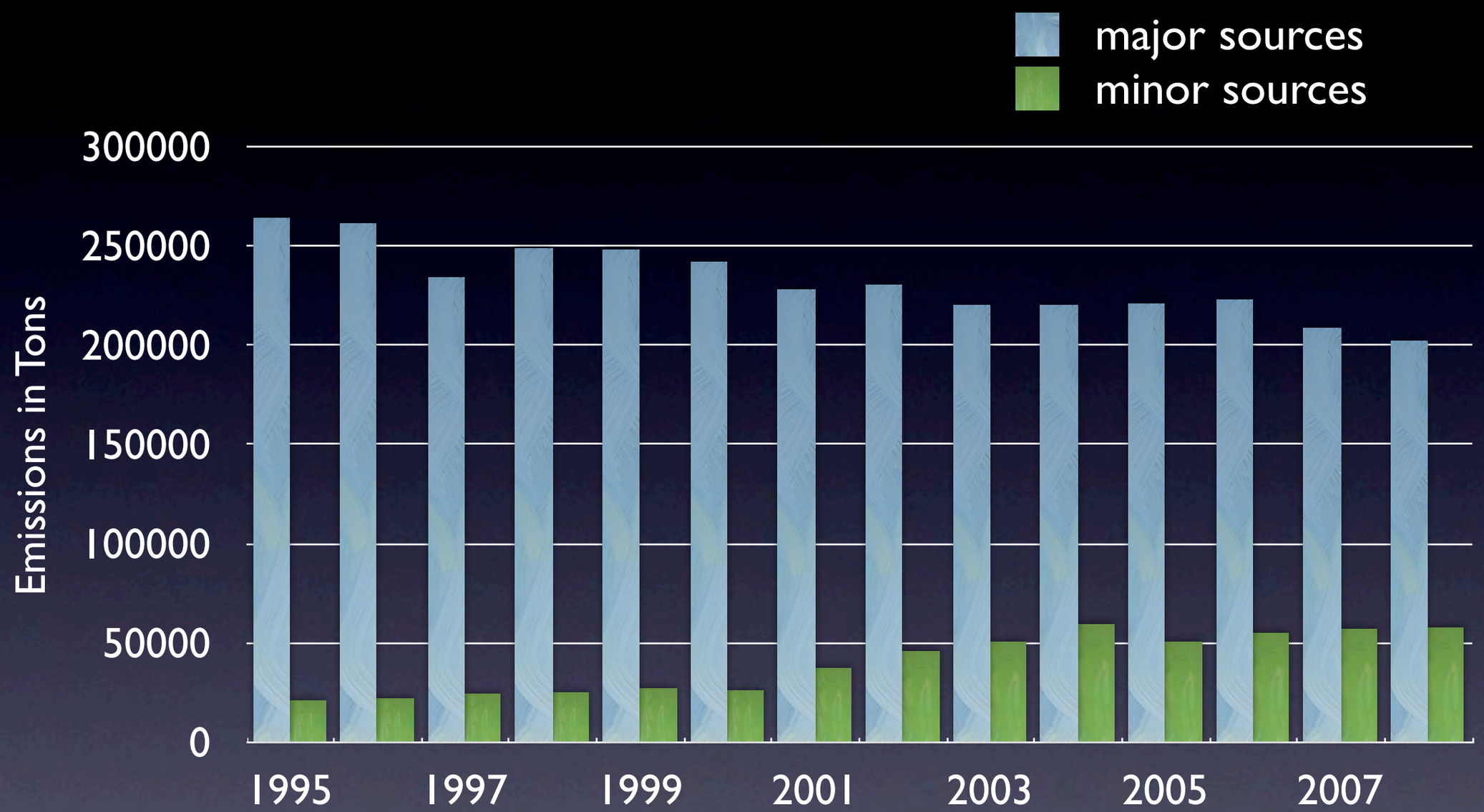
Why?

- Legislative appropriations are down ✔
- Costs of employee benefits are up ✔
- Total annual operating fees are down

Operating Fee Revenue



Decline in Major Source Emissions



Minor source tons estimated until 2001

Why?

- Legislative appropriations are down ✔
- Costs of employee benefits are up ✔
- Total annual operating fees are down ✔
- Division work load is up & keeps going up

Basis for Growing Work Load

- Since 2005, twenty-four (24) MACTs have been delegated to Oklahoma affecting hundreds of facilities in the state
- MACTs recently or soon-to-be delegated:
  - Utility MACT
  - Reciprocating Internal Combustion Engines (RICE): 18000 engines first round; second round anticipate 6600 engines
  - Gasoline Dispensing Facilities: 2990 stations, 228 facilities
  - Boilers: 1822 boilers
- Greenhouse gas rule analysis & major source permitting issues
- Revised National Ambient Air Quality Standards (NAAQS)

How Much?

- Legislative appropriations are down: $1.23 million
- Benefits & costs of retention are up: $0.86 million
- Total annual operating fees are down: $0.86 million

- Budgetary Shortfall: $2.95 million

How to Raise $2.95 million:

Eight Scenarios

- Raise state gasoline tax by a $0.0015 cents/gallon (1/6th of a cent)
- Raise state car tag fee by $0.87 cents/tag
- Fee carbon dioxide emissions at $3.25 /ton
- Raise major source fee by $14.92/ton
- Raise major & minor$_{syn}$ source fees $12.23/ton
- Raise all major & minor source fees $11.60/ton

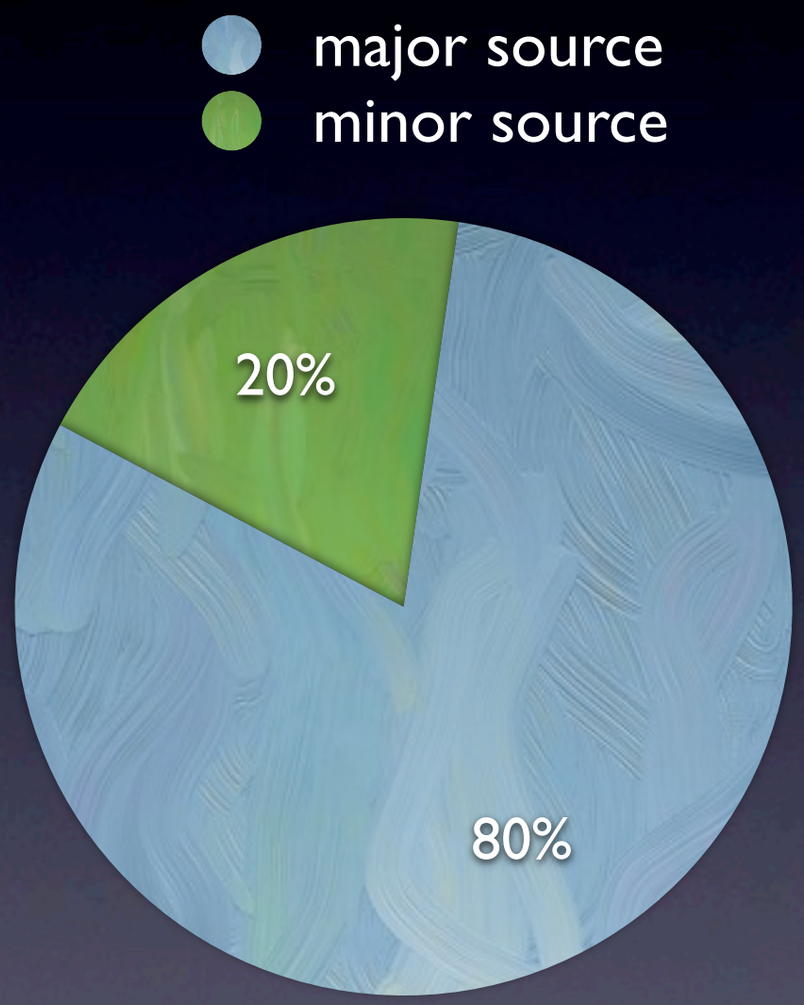
How to Raise $2.95 million:

Two More Scenarios

- Eliminate the cap and fee all emissions
  - Fee only emissions over 4000 ton cap at $19.40 (97% are EGU)
  - Include all emissions over 4000 ton cap & raise all emissions by $6.50/ton
- Modify current emissions fee base

Current Emission Fee Base

- 100% from major & minor sources
- Limited area source component
- No mobile source component



What are area sources?

- Gas stations, auto paint body shops, print shops, dry cleaners, plywood manufacturers, iron & steel foundries …
- Sources that emit less than 10 tons per year
- Or less than 25 tons per year of a combination of pollutants
- As a group, they are a significant source of air pollution
- Many area sources are associated with mobile sources
- Area sources are regulated through MACTs

MACT:

Maximum Achievable Control Technology

- National Emission Standards for Hazardous Air Pollutants (NESHAPs)
- Hazardous air pollutants (or air toxics) are substances that are known or suspected to cause cancer or other serious health effects in humans.
- 187 of these substances have been targeted for control including mercury, lead, benzene, dioxins, perchlorethlyene . . .
- MACTs are NESHAP standards which sometimes apply to area sources
- Area sources emit 35% of hazardous air pollutants emitted in Oklahoma
- Mobile sources emit 47% of hazardous air pollutants emitted in Oklahoma
- Many area sources are associated with mobile sources

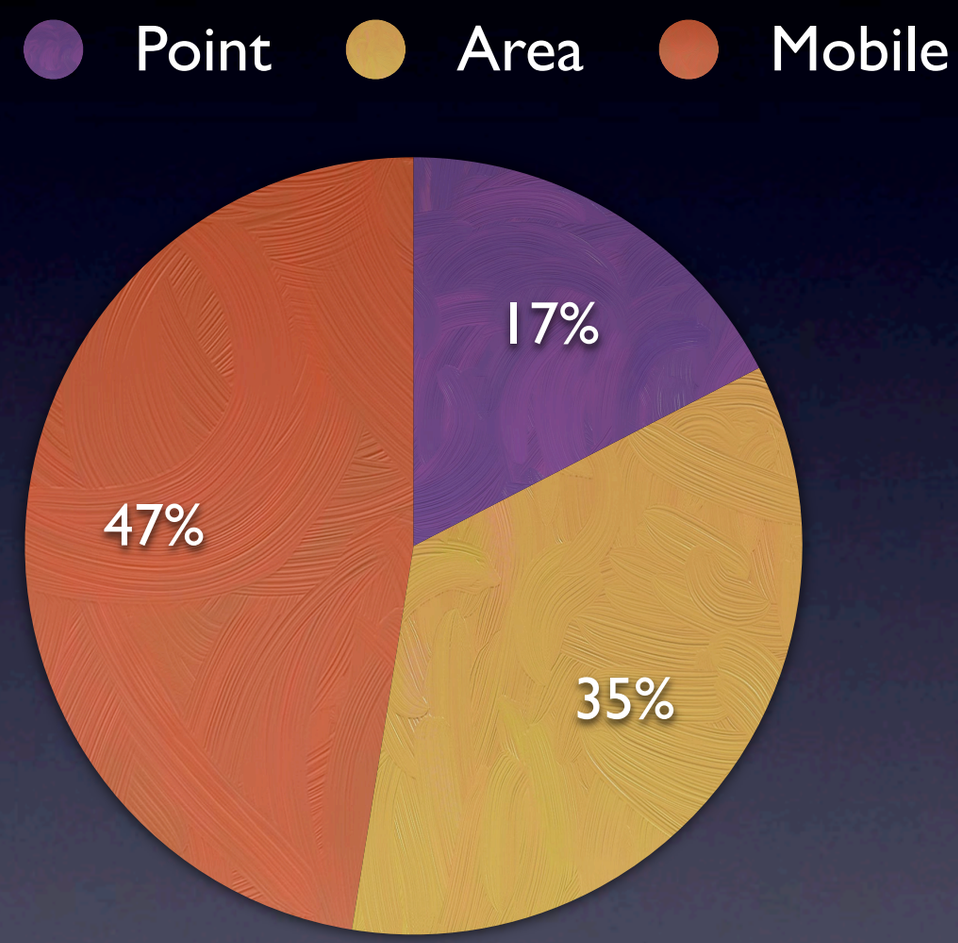
Estimated Contribution of

Hazardous Air Pollutants

by Source in Oklahoma

- Area: 16306 tons
- Mobile: 22038 tons
- Point: 8091 tons
- Total: 46435 tons

2008 emissions data reported to EPA



Other States' Rates

for Hazardous Air Pollutants

- Colorado: $152.90 per ton
  & fees gas stations on emissions
- Iowa: $56 per ton (same as criteria)
- Louisiana: $142.56 / $71.28 / $35.64 per ton
- New Mexico: $165.00 per ton: mercury $8.88 per ounce
- Nebraska: $70 per ton (same as criteria)
- Missouri: $40 per ton (same as criteria)
  St. Louis fees gas stations at $200 per nozzle

Seven Other States Rates

for Gasoline Dispensing Facilities

- Colorado: fees gas stations on emissions at $152.90 per ton
- Ohio: five categories of gasoline dispensing facilities (GDF)
- Massachusetts: $200 per facility
- Arizona: $750 per facility
- Delaware: $75 annual operating permit fee
- Missouri: St. Louis fees gas stations at $200 per nozzle
- Oregon: $360 annually and requires a permit

Proposed New Fee Focus

Hazardous Air Pollutants

- Expand the fee base to include facilities subject to National Emissions Standards for Hazardous Air Pollutants even if they do not have a permit
- Increase fee for emitting Hazardous Air Pollutants
- A fee for one ton of Hazardous Air Pollutants will apply for any facility reporting Hazardous Air Pollutants totaling less than one ton
- Fee mercury & lead in increments more appropriate to the substance's toxicity

2010 Fee Proposal

- Criteria Pollutant fees will stay the same
- Invoice hazardous air pollutants (HAPs) at $50 per ton
  - + $16 for major source
  - + $25 for minor source
- A fee for one ton of hazardous air pollutants will apply for any facility reporting HAPs less than one ton
- Invoice Mercury (Hg) at $100 per pound
- Invoice Lead (Pb) & its compounds at $50 per pound
- Area Sources: No permit but subject to an air pollution standard: $250 per year
- Mobile Source Component: Gasoline dispensing facilities subject to an air pollution standard but no permit: $250-$500-$750 per year based on monthly throughput. Gasoline bulk terminals: $500 per year*

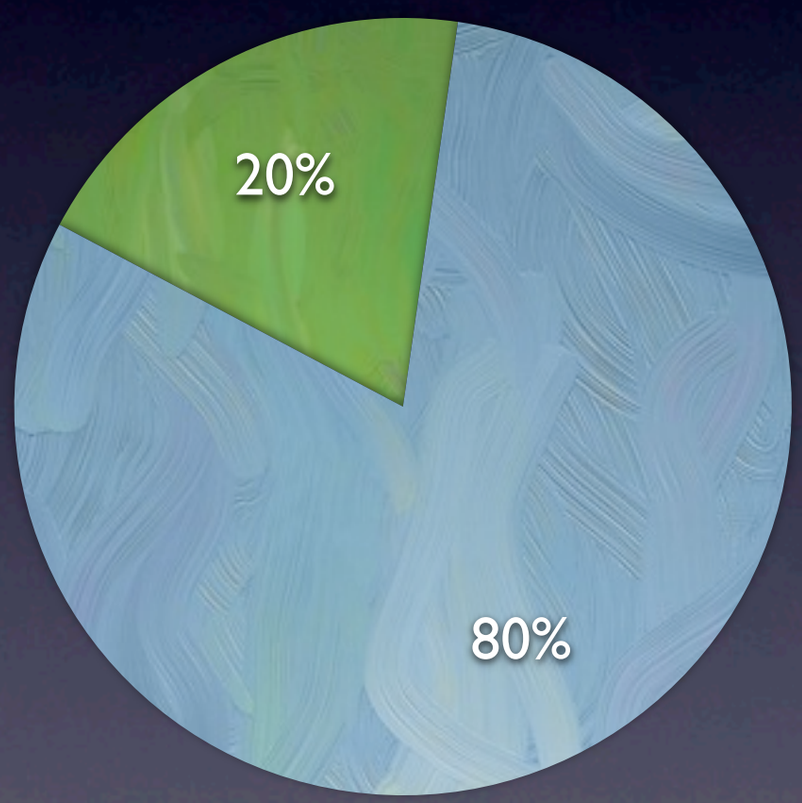
*Throughput breakout consistent with federal NESHAP.

Fee Increase

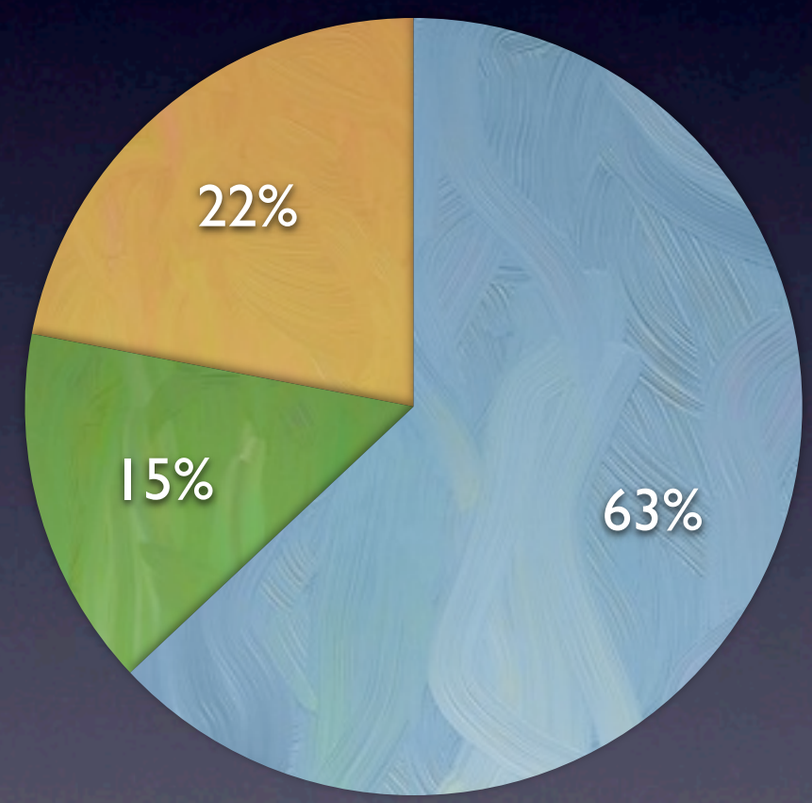
Breakdown by Category

• Mercury	$100/lb	$ 212,764
• Lead	$ 50/lb	283,305
• HAPS	$ 50/ton	150,241
• Gas Stations		1,500,000
• Gas Distribution Facilities		115,000
• Other Area Sources		718,750
• Total		**$2,980,060**

Fee Emission Base Comparison



Current



Proposed

Summary of 2010 Fee Proposal

- Criteria pollutant fees will stay the same
- Invoice hazardous air pollutants (HAPs) at $50 per ton
    - + $16 for major source
    - + $25 for minor source
- Invoice mercury (Hg) at $100 per pound
- Invoice lead (Pb) & its compounds at $50 per pound
- Area sources: No permit but subject to an air pollution standard: $250
- Mobile Source Component: Gasoline dispensing facilities with no permit but subject to air pollution standard $250-$500-$750 per year based on monthly throughput.* And gasoline bulk terminals $500 per year.

*Throughput breakout consistent with federal NESHAP