

**TITLE 252. DEPARTMENT OF ENVIRONMENTAL QUALITY
CHAPTER 100. AIR POLLUTION CONTROL**

Before the Air Quality Advisory Council on December 6, 2022 and January 11, 2023
Before the Environmental Quality Board on February 17, 2023

RULE IMPACT STATEMENT

Subchapter 49. Oklahoma Emission Reduction Technology Rebate Program [NEW]
252:100-49-1 Purpose and Applicability [NEW]
252:100-49-3 Definitions [NEW]
252:100-49-5 Program criteria and qualification determination [NEW]
252:100-49-7 Sunset provision [NEW]

DESCRIPTION: The Department is proposing to add Subchapter 49, Oklahoma Emission Reduction Technology Rebate Program to OAC 252:100, to implement applicable provisions of the Oklahoma Emission Reduction Technology Incentive Act, 68 O.S. § 55006, et seq. The act created the "Oklahoma Emission Reduction Technology Rebate Program," administered by the DEQ and the Oklahoma Tax Commission (OTC), to provide an incentive for "Emission Reduction Projects" – implementation of new and innovative technologies to reduce air pollutant emissions from oil and gas facilities. The gist of this rule proposal and the underlying reason for the rulemaking is to implement the Department's responsibilities under the Oklahoma Emission Reduction Technology Incentive Act.

CLASSES OF PERSONS AFFECTED: The classes of persons affected are the owners and operators of facilities that have implemented a qualifying Emissions Reduction Project and are potentially eligible for a rebate for associated expenses.

CLASSES OF PERSONS WHO WILL BEAR COSTS: The classes of persons who will bear costs are the owners and operators of facilities that prepare and submit a rebate claim under the program.

INFORMATION ON COST IMPACTS FROM PRIVATE/PUBLIC ENTITIES: The Department has not received any information on cost impacts as of this date.

CLASSES OF PERSONS BENEFITTED: The citizens of Oklahoma will benefit from implementation of qualifying Emissions Reduction Projects, and owners and operators of facilities that have implemented a qualifying Emissions Reduction Project will benefit if they are eligible for a rebate for associated expenses.

PROBABLE ECONOMIC IMPACT ON AFFECTED CLASSES OF PERSONS: There should be positive economic impacts on affected classes of persons potentially eligible for a rebate under this program.

PROBABLE ECONOMIC IMPACT ON POLITICAL SUBDIVISIONS: The Department anticipates no economic impact on political subdivisions.

POTENTIAL ADVERSE EFFECT ON SMALL BUSINESS: The Department anticipates no adverse effect on small business.

LISTING OF ALL FEE CHANGES, INCLUDING A SEPARATE JUSTIFICATION FOR EACH FEE CHANGE: The Department is proposing a \$1,000 fee to help offset costs for DEQ to administer the review of a rebate claim under this rule. This fee is comparable to those charged for similar actions.

PROBABLE COSTS AND BENEFITS TO DEQ TO IMPLEMENT AND ENFORCE: The Department anticipates there will be increased costs associated with the implementation of the program associated with the proposed amendments. The proposed fee will help offset costs for DEQ to meet its statutory obligations under the rebate program. The Department may benefit from any emissions reductions that result from projects that are potentially eligible under the rebate program associated with the proposal.

PROBABLE COSTS AND BENEFITS TO OTHER AGENCIES TO IMPLEMENT AND ENFORCE: Although no other agencies will be implementing these proposed DEQ regulations, OTC will likely incur costs in meeting its statutory obligations under the rebate program. DEQ did not evaluate any possible benefits to the OTC.

SOURCE OF REVENUE TO BE USED TO IMPLEMENT AND ENFORCE RULE: The Department is proposing a \$1,000 fee to help offset costs for DEQ to administer the review of rebate claims under this rule. Other program fees and federal grants will be used to fund the remaining costs to implement these regulations.

PROJECTED NET LOSS OR GAIN IN REVENUES FOR DEQ AND/OR OTHER AGENCIES, IF IT CAN BE PROJECTED: The Department has not attempted to estimate a net change in revenues from these proposed rules for either DEQ or OTC, because it does not have data to project how many rebate claims are likely to be received in a given year.

COOPERATION OF POLITICAL SUBDIVISIONS REQUIRED TO IMPLEMENT OR ENFORCE RULE: None is required. The Department will be responsible for all aspects of implementation regarding its obligations under these regulations.

EXPLANATION OF THE MEASURES THE DEQ TOOK TO MINIMIZE COMPLIANCE COSTS: The proposed rule will entail a minimal cost for facilities to document implementation of potentially eligible projects, including the associated expenditures and the actual emissions reduction achieved.

DETERMINATION OF WHETHER THERE ARE LESS COSTLY OR NONREGULATORY OR LESS INTRUSIVE METHODS OF ACHIEVING THE PURPOSE OF THE PROPOSED RULE: The Department has determined that there are no less costly or nonregulatory or less intrusive methods of achieving the purpose of the proposed rule.

DETERMINATION OF THE EFFECT ON PUBLIC HEALTH, SAFETY AND ENVIRONMENT: The proposed rule will have a positive effect on public health, safety, and the environment if the rebate program serves as an incentive for facilities to implement Emission Reduction Projects.

IF THE PROPOSED RULE IS DESIGNED TO REDUCE SIGNIFICANT RISKS TO THE PUBLIC HEALTH, SAFETY AND ENVIRONMENT, EXPLANATION OF THE NATURE OF THE RISK AND TO WHAT EXTENT THE PROPOSED RULE WILL REDUCE THE RISK: The proposed rule will have a positive effect on public health, safety, and the environment if the rebate program serves as an incentive for facilities to voluntarily implement new Emission Reduction Projects, but is not designed to reduce specifically identified risks.

DETERMINATION OF ANY DETRIMENTAL EFFECT ON THE PUBLIC HEALTH, SAFETY AND ENVIRONMENT IF THE PROPOSED RULE IS NOT IMPLEMENTED: If the proposed rule is not implemented, facilities will have less certainty of required documentation, qualifications, and procedures under the Act. That could result in implementation of fewer new voluntary Emission Reduction Projects, and loss of any potential benefits of such projects on the public health, safety and environment.

PROBABLE QUANTITATIVE AND QUALITATIVE IMPACT ON BUSINESS ENTITIES (INCLUDE QUANTIFIABLE DATA WHERE POSSIBLE): There will be a positive impact on business entities, since the proposed rule will assist in implementing a 25% rebate program for the costs of eligible voluntary Emission Reduction Projects that have been completed.

THIS RULE IMPACT STATEMENT WAS PREPARED ON: November 1, 2022

MODIFIED ON: December 1, 2022