

Businesses in Bay Area May Pay Fee for Emissions

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SAN FRANCISCO — Air quality regulators in the San Francisco Bay Area appear set to begin charging hundreds of businesses in the region for their emissions of heat-trapping gases.

It is believed to be the **first time in the country** that any government body would charge industries directly for emissions that contribute to climate change. The regional agency that is considering the fee, the Bay Area Air Quality Management District, would be effectively leapfrogging the continuing debate in Sacramento and Washington over how to control emissions.

The businesses affected by the fee — **4.4 cents per ton of carbon dioxide emitted** — range from large petroleum refineries and cement plants to small gasoline stations and industrial bakeries. The air quality management agency has long had independent authority under state law to regulate businesses that emit conventional pollutants like fine particulates. In establishing a new fee, it would be stretching its mandate to include carbon dioxide, methane and other heat-trapping gases.

A representative of local oil refineries said the agency's authority to do this was "questionable" but he would not predict whether there would be a court challenge. If the fee is adopted, as expected, at a May 21 hearing, it would take effect on July 1.

At a hearing here Wednesday, regulators indicated that the fee could raise \$1.1 million annually. Refineries, power plants and cement plants would pay nearly 90 percent of total fees. The largest gas stations might be charged \$1 a year; the Safeway bakery that supplies bread to all stores in the Bay Area would pay \$85 a year. The biggest emitter of the gases, the Shell oil refinery in Martinez, would have to pay \$195,355, based on 2005 emissions of 4.4 million metric tons.

Regulators said the fee was designed to recoup costs associated with developing carbon dioxide controls, like compiling an inventory of regional emissions. The 850 facilities that would be affected by the new fee already pay a variety of other fees to obtain operating permits. At Wednesday's hearing Linda Weiner, representing the Bay Area Clean Air Task Force, embraced the fee, saying, "We believe it sets a precedent as the first time that businesses and government agencies would face financial consequences for contributing to global warming."

But Dennis Bolt, of the Western States Petroleum Association, said that the agency was overstepping its authority and that the fee was likely to create duplication and confusion with the suite of climate-change measures being developed by the state's Air Resources Board.

"This just raises more uncertainty at a time of increasing uncertainties," Mr. Bolt said. "It's not productive." Jack Broadbent, the executive officer for the Bay Area Air Quality Management District, said lawyers for the district had been consulting with their counterparts at the Air Resources Board. The board, based in Sacramento, is charged with devising a way to carry out the landmark 2006 law mandating a cutback in emissions of heat-trapping gases.

The board, Mr. Broadbent said, "hasn't said this is not part of your responsibility. But it hasn't said it is." At Wednesday's meeting, the district's chairman, Jerry Hill, said, "My intention is we will go forward with this" fee, but Mr. Hill added that if the state air board imposed overlapping fees as part of its regulatory package, "we will integrate ours with theirs."

Annually, the nine-county area of the air quality district, which stretches from the wine-producing area of Sonoma County in the north to the expanding suburbs of Solano County in the east and southward through Silicon Valley in Santa Clara County, emits 85.4 million tons of carbon dioxide, according to a report by the air quality district's staff.

About half of the total comes from motor vehicles, which are not regulated by the air quality district. An earlier mandate by the Air Resources Board to cut tailpipe emissions of heat-trapping gases was effectively vetoed by the federal Environmental Protection Agency in December.