



Proposed New Toxics Emissions Fees in Proposed Amended Regulation III

FRIDAY, APRIL 19, 2019

SOUTH COAST AQMD

Overview

- ▶ Introduction and Background
- ▶ Discussion of proposed Toxic Air Contaminants (TAC) fee structure and changes in 301 (e)
- ▶ Proposed implementation schedule for fee changes
- ▶ Minor/Clarifying updates to rule since previous draft
- ▶ TAC Fee calculator demonstration
- ▶ Questions and Answers

Introduction

- ▶ Every year, South Coast AQMD revisits its fee regulation as part of its annual budget process
- ▶ As part of this year's rulemaking, outreach has included:
 - ▶ Letters sent to all permit holders and a newspaper notice
 - ▶ Targeted e-mails to facilities most affected by the proposed amendments
 - ▶ Two public consultation meetings
 - ▶ Board Committee meeting
- ▶ This webinar was requested during Board Committee meeting to discuss the proposed toxics emissions fee increase in Rule 301 (e) and Table IV

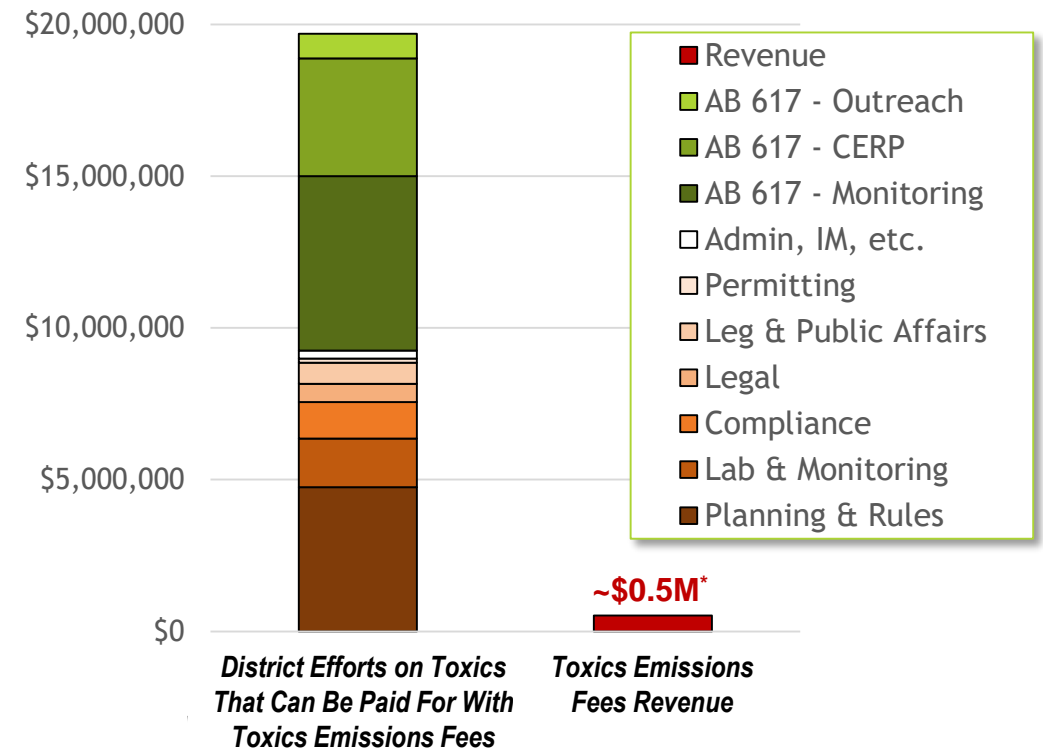
Toxics Emissions Fees

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Two key issues

1. Significant recent and anticipated upcoming District efforts on toxics emissions from stationary sources
 - ▶ Examples: toxic metals, fugitive hydrocarbons, new state health risk assessment guidance, AB 617
2. Structure of toxic emissions fees does not correlate with recent and anticipated upcoming workload
 - ▶ Workload most closely correlated to:
 - ▶ Toxicity of emissions from a facility
 - ▶ Complexity of emissions sources at a facility (e.g., # of devices)

Subset of District Effort on Toxics vs. Toxics Emissions Fees



*~\$20M collected for criteria pollutant emissions

Proposed Toxics Emissions Fees

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1) Introduce a new Base Toxics Fee to recover costs for basic functioning of toxics reporting program (software + minimal staffing)

- ▶ \$78.03/facility if toxics reported

➔ **\$0.1M**

2) Introduce a new Flat Rate Device Fee to recover costs for staff toxics inventory work

- ▶ \$341.89 per permitted device with toxics emissions
- ▶ Inventory workload highly correlated with number of devices

➔ **\$1.4M**

3) Introduce a new Cancer Potency-Weighted Fee to recover costs for staff enforcement and related efforts for higher toxicity facilities (AB 617, monitoring, source testing, rulemaking)

- ▶ \$10 per cancer potency-weighted pound of toxics emissions
- ▶ Add Diesel PM to the list of 21 common toxics that require fees
- ▶ Ammonia and ozone depleters would not change and would be moved to Table III within Rule 301

➔ **\$3.4M**

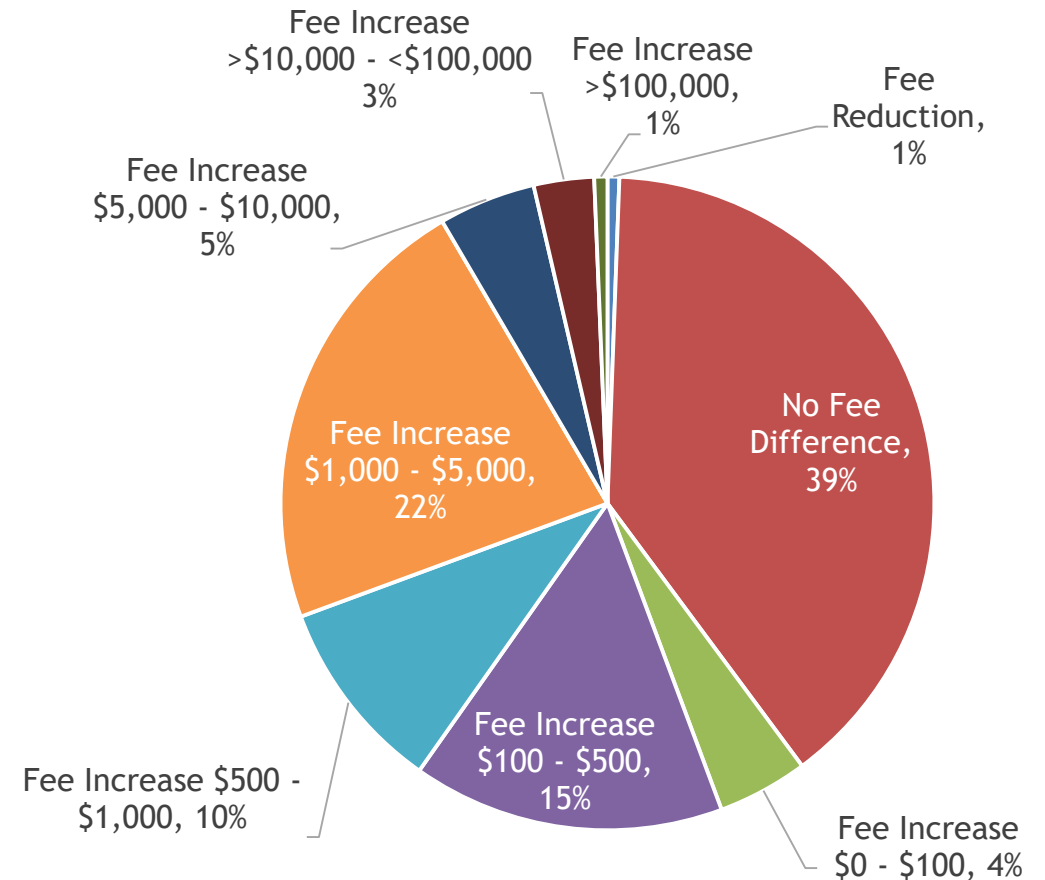
\$4.9M*

***~\$4.4M higher than current fees**

Largest Fee Impacts Affect Minority of Facilities with Highest Toxics Emissions

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- ▶ 39% of facilities: no fee difference
- ▶ 22% of facilities: \$1,000-\$5,000 increase
- ▶ 15% of facilities: \$100-\$500 increase
- ▶ Average impact for facilities that are small business: \$1,191
 - ▶ 428 facilities



Toxic Emissions Fees Proposed Schedule

- ▶ Increase in full proposed fees would begin January 1, 2021
 - ▶ Proposal would increase emissions fees revenue ~22%
 - ▶ Including both toxics and criteria pollutants

- ▶ Proposed phase in:

	January 1, 2020	January 1, 2021	January 1, 2022
Flat fee	No change other than typical CPI increase	\$78.03	\$78.03
Per device fee		\$170.95	\$341.89
Cancer potency-weighted fee (per lb.)		\$5.00	\$10.00

- ▶ Due to fluctuating nature of toxics work, staff will revisit fee level in future and propose rebalancing up or down as necessary

Minor/Clarifying Changes Included in Final Proposed Rule Since Prior Draft

- ▶ Remove duplicate reference to thresholds in (e)(2) that is already made in (e)(1). Ensures all emissions will continue to be reported if thresholds exceeded.
- ▶ Making proposed amendment in other parts of rule consistent everywhere – (e)(5)
- ▶ Grammar edits – (e)(7)(B)(ii) and (e)(10)
- ▶ Added punctuation to Table III
- ▶ Added all PAHs with a cancer potency value that were inadvertently omitted to Table IV

TAC Fee Calculator Demo

<http://www.aqmd.gov/docs/default-source/Regulations/reg-iii/tac-fee-calculator-new-pah.xlsx>

SCAQMD TAC Fee Calculator in Years 2020, 2021, and 2022 and Beyond				
1. A Base Toxics Fee of \$78.03;				ALL FACILITIES PAY FLAT RATE FEE of \$78.03
2. A Flat Rate Device Fee of \$170.95, and \$341.89, starting January 1, 2021, and January 1, 2022, respectively, for each device, including permitted and unpermitted equipment and activity including, but not limited to, material usage, handling, processing, loading/unloading; combustion byproducts, and fugitives (equipment/component leaks) with emissions of any pollutant above the annual thresholds listed in Table IV;				ENTER NUMBER OF PERMITTED DEVICES, UNPERMITTED DEVICES, OR REPORTABLE TAC ACTIVITY ABOVE ANNUAL THRESHOLDS LISTED IN TABLE IV
3. A Cancer-Potency Weighted Fee of \$5.00 and \$10.00, starting January 1, 2021, and January 1, 2022, respectively, per cancer-potency weighted pound of facility-wide emissions for each pollutant listed in Table IV. The cancer-potency weighted emissions of each toxic air contaminant listed in Table IV shall be calculated as follows:				ENTER EMISSIONS (in lbs.) FOR EACH TAC LISTED IN COLUMN 'D'
		Chemical Abstract #	TOXIC COMPOUNDS	2020 Emissions Fee
		1332214	Asbestos	\$0.00
		71432	Benzene	\$0.00
		7440439	Cadmium	\$0.00
		56235	Carbon tetrachloride	\$0.00
		106934	Ethylene dibromide	\$0.00
		107062	Ethylene dichloride	\$0.00
		75218	Ethylene oxide	\$0.00
		50000	Formaldehyde	\$0.00
		18540299	Hexavalent chromium	\$0.00
		75092	Methylene chloride	\$0.00
		7440020	Nickel	\$0.00
		127184	Perchloroethylene	\$0.00
		106990	1,3-Butadiene	\$0.00
		7440382	Inorganic arsenic	\$0.00
		7440417	Beryllium	\$0.00
		75014	Vinyl chloride	\$0.00
		7439921	Lead	\$0.00
		123911	1,4-Dioxane	\$0.00

$$CPWE = TAC \times CPF \times MPF$$

where:

CPWE = Cancer Potency Weighted Emissions

TAC = Emissions (pounds) of a Table IV toxic air contaminant

CPF = Cancer Potency Factor for the reported toxic air contaminant

MPF = Multi-Pathway Factor for the reported toxic air contaminant

Questions?