

ARKANSAS POLLUTION CONTROL & ECOLOGY COMMISSION ECONOMIC IMPACT/ENVIRONMENTAL BENEFIT ANALYSIS

Rule Number & Title: Regulation Number 9, Fee Regulation

Petitioner: Arkansas Department of Environmental Quality

Contact Person: Mike Bates, Chief, Air Division **Contact Phone:** 501-682-0750

Contact Email: bates@adeq.state.ar.us

Analysis Prepared by: Rebecca McDaniel, Administrative Analyst, Air Division

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2A. ECONOMIC IMPACT

1. Who will be affected economically by this proposed rule?

State: a) the specific public and/or private entities affected by this rulemaking, indicating for each category if it is a positive or negative economic effect; and b) provide the estimated number of entities affected by this proposed rule.

- a) *Any facility permitted for carbon dioxide and methane emissions will avoid the negative economic effect predicted to result from the fees attached to the permitting of carbon dioxide and methane emissions. ADEQ may experience a small negative economic effect based on an increase in employee workload for permits that include carbon dioxide and methane emissions, without any carbon dioxide and methane fee-based funding to account for this workload. However, this is not as a direct effect of this rule.*
- b) *The number of entities affected by this rule will vary, as some entities that will be affected by this rule may not have been constructed at this time. As a general estimate, ADEQ believes that approximately 40 major sources will receive a positive economic benefit as a result of this rule.*

Sources and Assumptions: *Carbon dioxide and methane are currently not subject to permitting fees.*

2. What are the economic effects of the proposed rule? State: 1) the estimated increased or decreased cost for an average facility to implement the proposed rule; and 2) the estimated total cost to implement the rule.

- 1) *There is no increase or decrease for an average facility to implement this proposed rule. The proposed changes to this rule are made out of consideration for the proposed changes to Regulation Numbers 18, 19, and 26 on greenhouse gases. The estimated cost that will be saved by an average facility depends on those facilities affected when the proposed changes*

to Regulation Numbers 18, 19, and 26 take effect. It is estimated that Arkansas will have approximately 40 major sources that will be encompassed by the changes to Regulation Numbers 18, 19, and 26. With this in mind, each major source could potentially save \$90,600 per year for its carbon dioxide or methane emissions. It is surmised that eliminating carbon dioxide and methane from being chargeable emissions within air permit fees will allow fees to stay as they currently are, before the proposed changes to Regulations 18, 19, and 26 are in place.

2) *There is no cost to implement this rule from a facility standpoint.*

Sources and Assumptions: Carbon dioxide and methane are currently not subject to permitting fees. There is a maximum value of 4,000 tons per year per pollutant on permitting fees for major sources and the current fee factor is \$22.65 per ton.

3. List any fee changes imposed by this proposal and justification for each.

There will be no major fee changes as a result of this rule. Greenhouse gas is the aggregate group of six greenhouse gases: carbon dioxide, nitrous oxide, methane, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride. Nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride are regulated in Arkansas and will continue to be assessed current fees. Carbon dioxide is a new pollutant and is not currently permitted by the Department. The Department does not believe there is a need to assess a fee for this pollutant at this time. The Department does not currently include methane emissions in permits and likewise does not charge for methane emissions. The decision to not charge for methane emissions was made in 1998. The proposed changes to Regulation Number 9 will keep the fee structure for methane the same, codifying the current practice of the Department. Upon adoption of the proposed changes to Regulation Numbers 18, 19, and 26, permits associated with GHGs could have resulted in substantial fees being levied for carbon dioxide and methane, the most common and abundant components of GHG. With the exclusion of carbon dioxide and methane from being chargeable emissions within air permit fees, these fees will not exist.

4. What is the probable cost to ADEQ in manpower and associated resources to implement and enforce this proposed change, and what is the source of revenue supporting this proposed rule?

It is estimated that there will be a minimal cost to implement this proposed change in the form of staff hours spent to make all necessary changes to the regulation and ensure these changes are submitted through the proper channels. There will be no cost to ADEQ to enforce this change to fee regulations.

Sources and Assumptions: Carbon dioxide and methane fees are not currently collected; no change to ADEQ resources is anticipated for this rule change.

5. Is there a known beneficial or adverse impact to any other relevant state agency to implement or enforce this proposed rule? Is there any other relevant state agency's rule that could adequately address this issue, or is this proposed rulemaking in conflict with or have any nexus to any other relevant state agency's rule? Identify state agency and/or rule.

There is no known impact to another state agency nor is there another state agency's rule

that could address any of the proposed changes. This rulemaking is not in conflict with, nor has any nexus to, any other relevant state agency's rule.

Sources and Assumptions: *Not applicable*

6. Are there any less costly, non-regulatory, or less intrusive methods that would achieve the same purpose of this proposed rule?

No.

Sources and Assumptions: *Not applicable*

2B. ENVIRONMENTAL BENEFIT

1. What issues affecting the environment are addressed by this proposal?

This proposal addresses fees for air permits. There is no direct effect on the environment within fee regulations.

2. How does this proposed rule protect, enhance, or restore the natural environment for the well-being of all Arkansans?

This proposed rule does not protect, enhance or restore the natural environment for the well-being of Arkansans directly. In dealing with fee regulations, fees support ADEQ and enable the Department to perform duties that help protect, enhance, or restore the natural environment for the well-being of all Arkansas. The current fee structure could potentially place an undue economic hardship on facilities permitted for carbon dioxide and methane. ADEQ is able to continue to protect, enhance, and restore the natural environment via permitting without the addition of fees for carbon dioxide and methane.

Sources and Assumptions: *ADEQ is adequately funded to implement greenhouse gas permitting without collecting fees for methane and carbon dioxide emissions.*

3. What detrimental effect will there be to the environment or to the public health and safety if this proposed rule is not implemented?

There will be no detrimental effect to the environment or to the public health and safety if this proposed rule is implemented.

Sources and Assumptions: *Not applicable*

4. What risks are addressed by the proposal and to what extent are the risks anticipated to be reduced?

There are no risks addressed by this proposal.

Sources and Assumptions: *Not applicable*