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
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.
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)
Proposed Toxics Emissions Fees

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

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

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

Total:
- $0.1M
- $1.4M
- $3.4M

*$4.9M* higher than current fees
Largest Fee Impacts Affect Minority of Facilities with Highest Toxics Emissions

- 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:

<table>
<thead>
<tr>
<th></th>
<th>January 1, 2020</th>
<th>January 1, 2021</th>
<th>January 1, 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat fee</td>
<td></td>
<td>$78.03</td>
<td>$78.03</td>
</tr>
<tr>
<td>No change other than typical CPI increase</td>
<td></td>
<td>$170.95</td>
<td>$341.89</td>
</tr>
<tr>
<td>Cancer potency-weighted fee (per lb.)</td>
<td>$5.00</td>
<td>$10.00</td>
<td></td>
</tr>
</tbody>
</table>

- Due to fluctuating nature of toxics work, staff will revisit fee level in future and propose rebalancing up or down as necessary
- 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
SCAQMD TAC Fee Calculator in Years 2020, 2021, and 2022 and Beyond

1. A Base Toxics 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;

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:

\[
CPWE = TAC \times CPF \times MPF
\]

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

<table>
<thead>
<tr>
<th>Chemical Abstract #</th>
<th>TOXIC COMPOUNDS</th>
<th>ENTER EMISSIONS (in lbs.) FOR EACH TAC LISTED IN COLUMN 'D'</th>
<th>2020 Emissions Fee</th>
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<tr>
<td>1302214</td>
<td>Asbestos</td>
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<td>71412</td>
<td>Benzene</td>
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<td>744020</td>
<td>Cadmium</td>
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<td>50235</td>
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<td>106934</td>
<td>Ethylene dibromide</td>
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<td>107062</td>
<td>Ethylene dichloride</td>
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<td>75218</td>
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<tr>
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<td>Perchloroethylene</td>
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<td>106995</td>
<td>1,3-Butadiene</td>
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<td>7460302</td>
<td>Inorganic arsenic</td>
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<td>Benzidine</td>
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<td>123801</td>
<td>1,4-Dioxane</td>
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ALL FACILITIES PAY FLAT RATE FEE of $78.03

ENTER NUMBER OF PERMITTED DEVICES, UNPERMITTED DEVICES, OR REPORTABLE TAC ACTIVITY ABOVE ANNUAL THRESHOLDS LISTED IN TABLE IV

Questions?