



Department of
**Environment &
Conservation**

Title V Fee Diversification

October 27, 2022

AGENDA

- 9:00 AM Welcome & Introductions
Michelle Owenby – Director, Division of Air Pollution Control
- 9:10 AM Financial Update & Summary of Feedback from August 23, 2022
Stakeholder Engagement Webinar
Michelle Owenby – Director, Division of Air Pollution Control
- 9:30 AM Diversification Scenario Options
James Johnston - Deputy Director, Division of Air Pollution Control
- 10:15 AM Q&A, Fee Element and Option Polling, & Stages of Engagement
Michelle Owenby – Director, Division of Air Pollution Control
Jan Compton – Office of External Affairs

CLEAN AIR ACT & CODE of FEDERAL REGULATIONS PART 70

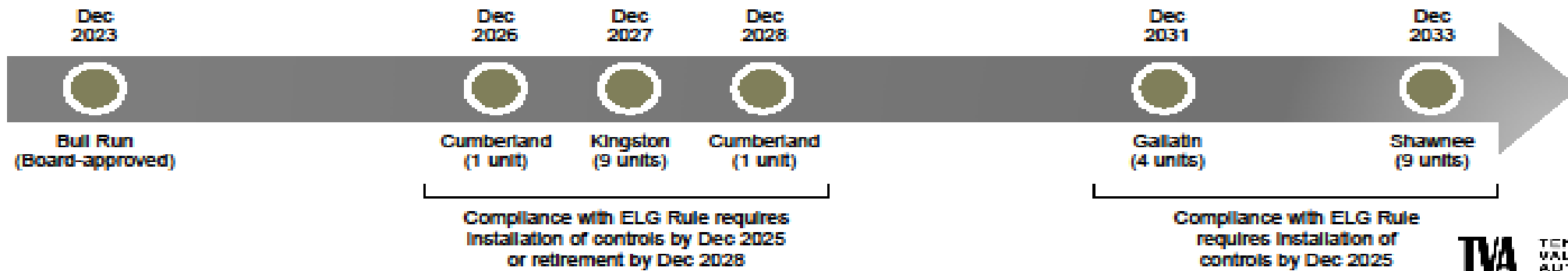
- The federal Clean Air Act requires that Title V sources cover costs to administer the program, including direct and indirect costs. §502(b)(3)(A)
- Part 70 requires the owners or operators of sources to pay fees or the equivalent that are sufficient to cover the program costs and ensure that fees will be used solely for program costs. 40 CFR 70.9(a)
- The State program shall establish a fee schedule that results in the collection and retention of revenues sufficient to cover the permit program costs...40 CFR 70.9(b)(1)

PREPARING FOR REDUCTIONS

DRAFT

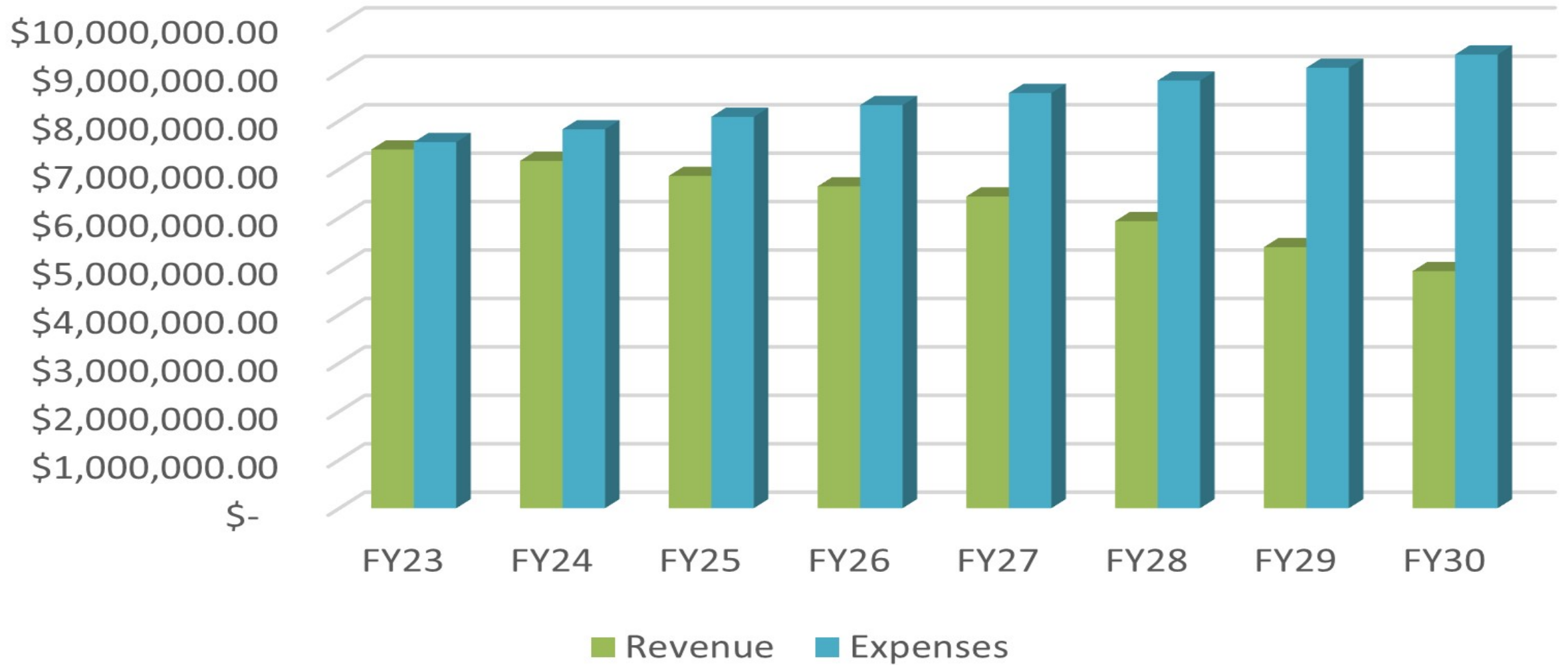
Coal Fleet End-of-Life Evaluations

- The 2019 IRP acknowledged the potential for coal retirements and recommended a near-term action to evaluate end-of-life dates for aging fossil units to inform planning.
- Evaluations assessed the cost, reliability, and environmental implications associated with continued operation of TVA's coal fleet and concluded that it is:
 - Among the oldest in the nation (Cumberland 1973, all other plants 1950s vintage);
 - Experiencing material condition and performance challenges, especially Cumberland and Kingston
 - Projected to have increasing performance challenges due to lack of portfolio fit;
 - Contributing to environmental, economic, and reliability risks
- Retirement planning assumptions were developed based on relative unit condition and fit, as well as the time required to build replacement generation, subject to further evaluation in environmental reviews under the National Environmental Policy Act (NEPA).



TVA TENNESSEE VALLEY AUTHORITY

PROJECTED TITLE V FEE REVENUE & EXPENDITURES



Stakeholder Feedback

 Supported

 Lacked Significant Support

VARIABLE	NON-VARIABLE
Dollar per ton fee	Base fee
Construction application permit fee (graduated scale based on emissions)	Minimum fee
Re-work Construction Application permit fee <ul style="list-style-type: none"> Adjust the graduated scale based on emission Various fees based on type of permit (PSD/non-PSD; nonattainment NSR) Individual services within each construction permit (e.g.-each BACT Analysis, each Air Quality Analysis) 	Complexity fee that covers complex work associated with NSPS and NESHAPs
Amendments or modifications to permit fee (e.g.-amendments to construction permits, significant modifications, minor modifications, administrative amendments, operational flexibility, 502(b)(10) change, insignificant activity, exemption letters, reopening for cause)	AEAR (Actual Emissions Analysis Required) review fee
PAL(Plant-wide Applicability Limit) permit fee (per pollutant)	Acid rain permit fee
Source test review fee	Report review fee
Initial operating permit fee	In-stack continuous emission monitor (CEM) audit fee
Requested Board variance fee	Renewal of operating permit fee
Source-Specific SIP revision	Emission inventory review fee
Initial conditional major permit fee (going from Title V to Conditional Major)	

A

Dollar Per Ton Fee

Based on allowables or actuals applying EGU or non-EGU rates

B

Base Fee

C

Minimum Fee

Pay the higher of Emission Fee + Base Fee or Minimum Fee

D

Current Construction Application Permit Fees

Scenario 1

Current fee structure with no changes to fee elements

A

Dollar Per Ton Fee

Based on allowables or actuals applying EGU or non-EGU rates

B

Revised Base Fee

Based on number of federal regulations

C

Revised Construction Application Permit Fees

D

PSD Construction Application Permit Fees

Scenario 2

Current emission fees adding revised base fees , construction and PSD construction fees

SCENARIO 2: FEE ELEMENT DETAILS

Construction Permit Application Fee - paid with submission of Application

Current Fees (non-PSD and PSD)

Anticipated Maximum Emission Rate	Fee
Less than 10 tons/yr	\$100
10 to < 100 tons/yr	\$500
100 to < 250 tons/yr	\$1000
250 to < 500 tons/yr	\$2000
500 to < 1,000 tons/yr	\$3000
1,000 to < 5,000 tons/yr	\$4000
5,000 or Greater tons/yr	\$5000

Fee Based on Workload

- Non-PSD - \$7000
- PSD - \$70,000

Note that existing Title V facilities were exempt from construction application fees prior to 7/1/2022

SCENARIO 2: FEE ELEMENT DETAILS

Annual Emission Fee = Revised Base fee + Dollar per ton fee

Revised base fee: *Based on total number of federal regulations that apply to a facility*

Total Number of Federal Regulations	Base Fee
0 to 1	\$11,000
2 to 3	\$17,000
4 to 5	\$23,000
6 to 7	\$29,000
8 to 9	\$35,000
10 to 14	\$41,000
15 to 19	\$47,000
20 to 24	\$53,000
25+	\$59,000

Dollar Per Ton Fee

Based on allowables or actuals applying EGU or non-EGU rates

A

Revised Construction Application Permit Fees

B

PSD Construction Application Permit Fee

C

Initial Title V Operating Permit Fee

D

Permit Application Fee - Going from Title V to Conditional Major

E

Minor Modification & Significant Modification Fee

F

Renewal of Title V Operating Permit Fee

G

Plant-wide Applicability Limit (PAL) Fee
Per Pollutant

H

Source Specific SIP Revision Fee

I

Complexity Fee

Based on Complexity of Federal Regulations

J

Scenario 3

Current emission fees adding menu of fees and complexity fees based on complexity of federal regulations

SCENARIO 3: FEE ELEMENT DETAILS

Complexity fee: Based on number and complexity of federal regulations that apply to a facility

Sum of Complexity	Complexity Fee
0 to 1	\$10,000
2 to 3	\$14,000
4 to 5	\$18,000
6 to 7	\$22,000
8 to 9	\$26,000
10 to 14	\$35,000
15 to 19	\$45,000
20 to 24	\$50,000
25 and up	\$60,000

Annual Emission Fee = Complexity fee + Dollar per ton fee

Title V Fee Elements	Proposed Fee	5 Year Average	Estimated Annual Revenue
Non-Variable Fees:			
Renewal of TV operating permit fee	\$ 10,000.00	35	\$ 350,000
Initial Title V operating permit fee	\$ 15,000.00	3	\$ 45,000
Minor modification fee	\$ 2,800.00	52	\$ 145,600
Significant modification fee	\$ 5,000.00	10	\$ 50,000
PAL renewal fee (per pollutant)	\$ 10,000.00	2	\$ 20,000
Variable Fees:			
Current construction application permit fees	tiered	25	\$ 11,000
Revised construction application permit fees	\$ 7,000.00	25	\$ 175,000
PSD construction application fee	\$ 70,000.00	2	\$ 140,000
Initial Plant-wide Applicability Limit (PAL) fee (per pollutant)	\$ 10,000.00	2	\$ 20,000
Permit application fee - going from Title V to Conditional Major	\$ 18,000.00	2	\$ 36,000
Source-specific SIP revision	\$ 4,000.00	1	\$ 4,000

Dollar Per Ton Fee

Based on allowables or actuals applying EGU or non-EGU rates

A

Revised Minimum & Base Fee

Increasing fees in current fee structure

B

Revised Construction Application Permit Fees

C

PSD Construction Application Fee

E

Initial Title V Operating Permit Fee

F

Permit Application Fee-Going from a Title V to Conditional Major

G

Minor Modification & Significant Modification Fee

H

Renewal of Title V Operating Permit Fee

I

Plant-wide Applicability Limit (PAL) Fee Per Pollutant

J

Source Specific SIP Revision Fee

K

Scenario 4

Current emission fees adding revised base fees and menu of fees

SCENARIO 4: FEE ELEMENT DETAILS

Revised Base and Minimum Fee: *Using the current fee structure*

Annual Emission Fee = Revised Base Fee + Dollar per ton fees or the Minimum Fee, whichever is higher

- Base Fee would be approximately \$17,500
- Minimum Fee would be approximately \$20,000

A

Dollar Per Ton Fee

Based on allowables or actuals applying EGU or non-EGU rates

B

Revised Base Fee

Based on Number of Federal Regulations

C

Revised Construction Application Permit Fees

D

PSD Construction Application Fees

E

Minor Modification & Significant Modification Fees

Scenario 5

Current emission fees revising base fees and adding construction fees, minor and significant modification fees

SCENARIO 5: FEE ELEMENT DETAILS

Revised base fee: *Based on total number of federal regulations that apply to a facility*

Total Number of Federal Regulations	Base Fee
0 to 1	\$11,000
2 to 3	\$16,500
4 to 5	\$22,000
6 to 7	\$27,500
8 to 9	\$33,000
10 to 14	\$38,500
15 to 19	\$44,000
20 to 24	\$49,500
25+	\$55,000

Annual Emission Fee = Revised Base fee + Dollar per ton fee

Title V Fee Elements	Proposed Fee	5 Year Average	Estimated Annual Revenue
Non-Variable Fees:			
Renewal of TV operating permit fee	\$ 10,000.00	35	\$ 350,000
Initial Title V operating permit fee	\$ 15,000.00	3	\$ 45,000
Minor modification fee	\$ 2,800.00	52	\$ 145,600
Significant modification fee	\$ 5,000.00	10	\$ 50,000
PAL renewal fee (per pollutant)	\$ 10,000.00	2	\$ 20,000
Variable Fees:			
Current construction application permit fees	tiered	25	\$ 11,000
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Initial Plant-wide Applicability Limit (PAL) fee (per pollutant)	\$ 10,000.00	2	\$ 20,000
Permit application fee - going from Title V to Conditional Major	\$ 18,000.00	2	\$ 36,000
Source-specific SIP revision	\$ 4,000.00	1	\$ 4,000

Title V Fee Elements	Estimated Revenue	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
<i>Non-Variable Fees:</i>						
Current base & minimum	\$ 2,100,000	\$ 2,100,000				
Revised base & minimum fee	\$ 3,990,000				\$ 3,990,000	
Base Fee - number of federal regulations	Depends on Option		\$ 4,650,000			\$ 4,488,000
Complexity Fee - complexity of regulations	\$ 3,971,000			\$ 3,971,000		
Renewal of TV operating permit fee	\$ 350,000			\$ 350,000	\$ 350,000	
Initial Title V operating permit fee	\$ 45,000			\$ 45,000	\$ 45,000	
Minor modification fee	\$ 145,600			\$ 145,600	\$ 145,600	\$ 145,600
Significant modification fee	\$ 50,000			\$ 50,000	\$ 50,000	\$ 50,000
PAL renewal fee (per pollutant)	\$ 20,000			\$ 20,000	\$ 20,000	
<i>Variable Fees:</i>						
Dollar per Ton Fee	\$ 3,900,000	\$ 3,900,000	\$ 3,900,000	\$ 3,900,000	\$ 3,900,000	\$ 3,900,000
Current construction application permit fees	\$ 11,000	\$ 11,000				
Revised construction application permit fees	\$ 175,000		\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000
PSD construction application fee	\$ 140,000		\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000
Initial Plant-wide Applicability Limit (PAL) fee (per pollutant)	\$ 20,000			\$ 20,000	\$ 20,000	
Permit application fee - going from Title V to Conditional Major	\$ 36,000			\$ 36,000	\$ 36,000	
Source-specific SIP revision	\$ 4,000			\$ 4,000	\$ 4,000	
Estimated Total Title V Revenue		\$ 6,011,000	\$ 8,865,000	\$ 8,856,600	\$ 8,875,600	\$ 8,898,600
Non-Variable Fees Total		\$ 2,100,000	\$ 4,650,000	\$ 4,581,600	\$ 4,600,600	\$ 4,683,600
Variable Fees Total		\$ 3,911,000	\$ 4,215,000	\$ 4,275,000	\$ 4,275,000	\$ 4,215,000



Q&A and Polling

STAGES OF ENGAGEMENT

DATE	ACTIVITY
August 11, 2022 10:30AM-noon Central	Meeting with Chamber
August 23, 2022 9:00AM-10:30AM Central	Webinar with Stakeholders to Present Background Information and Consider Many Non-Variable Funding Sources
September 14, 2022 9:30AM Central	Briefing with APC Board Meeting
October 27, 2022 9:00AM-10:30AM Central	Webinar with Stakeholders to Present Refined Fee Structure Diversification Options
November, 2022 – January, 2023	Continued Stakeholder Engagement
February 2023	Begin Formal Rulemaking Process: Including a Formal Public Hearing

TITLE V FEE ENGAGEMENT WEBPAGE

<https://www.tn.gov/environment/program-areas/apc-air-pollution-control-home/apc/title-v-fee-engagement.html>