

Agenda Item: 15-30 **Request for Approval of 30 day Waiver on Additional Rule Revisions and Fiscal Note for Streamlining of Permit Exemptions Rule (525) and for Approval to Proceed to Public Hearing on Streamlining of Permit Exemptions Rule Related Revisions**

Explanation:

The Environmental Management Commission (EMC) is requested to approve a waiver of its 30-day rule on additional rule revisions and fiscal note, and approve one or more public hearings to consider amendments to the permit exemption rules.

Rule 15A NCAC 02Q .0102 had been amended a number of times since it was adopted in 1994. Each amendment added complexity to the rule that made it difficult to understand and implement. DAQ formed an internal workgroup to simplify the rule. Simultaneously, DAQ looked to new ways to reduce regulatory burden while not impacting air quality. The resulting proposed rule changes from that review process should provide regulatory relief to a large number of small facilities that have very low emissions.

Rule 15A NCAC 02Q.0102, Activities Exempted From Permit Requirements, is proposed for amendment to simplify the rule to make it easier to understand. New exemption requirements are also added. Facilities with actual emissions less than five tons per year of each specified pollutant and total aggregate actual emissions of 10 tons per year would be exempt from permitting. Facilities that are not exempt and have total aggregate actual emissions less than 25 tons per year would be eligible for registration instead of obtaining a permit.

Rule 15A NCAC 02Q .0302, Facilities Not Likely To Contravene Demonstration, is proposed for repeal since the rule is duplicative of the requirements contained in the revised Rule 15A NCAC 02Q .0102.

Rule 15A NCAC 02Q .0318, Changes Not Requiring Permit Revisions, is proposed for adoption to allow facilities to make minor changes without first modifying their permit.

Rule 15A NCAC 02Q .0903, Emergency Generators And Stationary Reciprocating Internal Combustion Engines, is proposed for amendment to add an exemption from permitting for stationary reciprocating internal combustion engines if the engine is the only source of emissions at the facility.

The DAQ estimated fiscal impacts, mostly in the form of regulatory relief that results from avoided cost to privately owned facilities and local government facilities due to these rule amendments. The regulatory relief is in the form of a partial reduction in fees from consulting firms to prepare permit applications for facilities that are no longer required to be permitted. There is also cost savings to affected private and local facilities in the elimination of permit application fees and annual permit fees. The local government impacts are the direct fiscal impacts to

local government facilities. The impact to the three local air permitting programs is not included because the DAQ cannot determine how the local programs will change their regulatory structure as a result of the changes to the DAQ permitting program. The fiscal impact to State government is the revenue loss from permit application and annual permit fees and the opportunity cost represents the value of the staff time that was used for permitting activities that can now be used for other activities.

The estimated total fiscal impacts from the proposed rule amendments are substantial. Annually, there is a net savings of \$768,225 to the public sector, and permit fees reduction of \$280,425 and opportunity savings of \$162,500 to the DAQ. The Office of State Budget and Management approved the fiscal note on August 18, 2015 in accordance with G.S. 150B-21.4, and E.O. 70.

Recommendation:

The Director recommends that the Commission approve the waiver, proposed rules and fiscal note along with authorizing a public hearing(s) on these items and that the Chairman appoint a member(s) of the Commission to serve as hearing officer(s).