



Economic Impact Analysis Virginia Department of Planning and Budget

9 VAC 5-85 – Permits for Stationary Sources of Pollutants Subject to Regulation
Department of Environmental Quality
January 20, 2013

Summary of the Proposed Amendments to Regulation

The U.S. Environmental Protection Agency recently promulgated final amendments that would provide for a more streamlined implementation of the federal program for establishing plant-wide applicability limits (PALs) for greenhouse gases (GHGs) emissions. Consequently, the Air Pollution Control Board proposes to amend these regulations so as to streamline prevention of significant deterioration (PSD) permitting programs by allowing sources and the reviewing authority to voluntarily address GHGs one time for a source and avoid repeated subsequent permitting actions.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Since a PAL provides extensive operational flexibility, sources will not have to spend money on obtaining permit modifications (about \$7,000 per permit amendment) for the PAL duration. Such cost savings will depend on how frequently the source modifies its processes. In turn, the Department of Environmental Quality will not have to process many permit modifications, and may focus its efforts on other facilities with a greater impact on the environment. Avoiding PSD review also allows sources to make the changes necessary to respond rapidly to market conditions, while generally assuring the environment is protected from adverse impacts from the change.

A PAL also results in significant environmental benefit by providing the community with an understanding of the long-term emissions impact from a facility, by preventing "emissions

creep," and by requiring enhanced monitoring, recordkeeping and reporting provisions to demonstrate compliance with the PAL. In order to operate within the PAL emissions limit and maintain its PAL status, a facility is likely to look for ways to improve its operations, thus likely resulting in reduction of GHGs. Public health and welfare may thus benefit from the more efficient and effective management of GHG emissions.

Businesses and Entities Affected

Entities potentially affected by the proposed amendments include electricity generators, paper manufacturers, and landfills. In Virginia, there are approximately 57 sources with estimated CO₂ emissions over 100,000 tons per year. Since PALs are optional, sources may or may not opt to apply for a PAL permit.

Localities Particularly Affected

The proposed repeal of this regulation does not disproportionately affect any particular localities.

Projected Impact on Employment

The proposed amendments will reduce costs (\$7,000) for entities such as some electricity generators, paper manufacturers, and landfills which without the amendments may have needed to have obtained permit modifications. The reduced cost might have a small positive impact on employment.

Effects on the Use and Value of Private Property

The proposed amendments will reduce costs (\$7,000) for entities such as some electricity generators, paper manufacturers, and landfills which without the amendments may have needed to have obtained permit modifications.

Small Businesses: Costs and Other Effects

The proposed repeal of this regulation will not increase costs for small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed repeal of this regulation does not adversely affect small businesses.

Real Estate Development Costs

The proposed amendments will not affect new real estate development, but may reduce some costs (through not requiring additional permitting) with changes at existing development.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, a determination of the public benefit, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has an adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.