

Office of Regulatory Management
Economic Review Form

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| Agency name | Department of Environmental Quality |
| Virginia Administrative Code (VAC) Chapter citation(s) | 9VAC15-70 |
| VAC Chapter title(s) | Small Renewable Energy Projects (Combustion) Permit by Rule (PBR) |
| Date this document prepared | August 14, 2023 |
| Regulatory Stage (including Issuance of Guidance Documents) | Periodic Review |

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

Omitted pursuant to ORM Regulatory Economic Analysis Manual

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

Omitted pursuant to ORM Regulatory Economic Analysis Manual

Table 1c: Costs and Benefits under Alternative Approach(es)

Omitted pursuant to ORM Regulatory Economic Analysis Manual

Impact on Local Partners

Table 2: Impact on Local Partners

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| (1) Direct & Indirect Costs & Benefits (Monetized) | <p>Direct Costs:</p> <p>Fiscal estimates are indeterminate; however, the Combustion PBR is not expected to create costs for localities, unless a locality itself chooses to develop a combustion energy project, in which case the locality's costs will be similar to the costs of any other permit applicant.</p> <p>Indirect Costs:</p> <p>Fiscal estimates are indeterminate; however, there might be potential costs to a locality if a project is developed within its jurisdiction. These indirect costs could occur because of the existence of the project, (with potential access or road construction issues, for example) but not because of the</p> |
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| | <p>combustion PBR regulations. The locality, pursuant to its land-use authority, has the power to determine whether or not a project can be located within its jurisdiction. A locality's decisions in this regard are separate from the operation of the regulations. DEQ only requires that the local government certify that the applicant has met all local land-use ordinances.</p> <p>Direct Benefits:</p> <p>This regulation was issued under authority of Article 5 (§ 10.1-1197.5 et seq.) of Chapter 11.1 of Title 10.1 of the Code of Virginia and was designed to protect the health, safety, and welfare of Virginia citizens. It establishes necessary requirements to protect Virginia's natural and historic resources that may be affected by the construction and operation of combustion renewable energy projects.</p> <p>The purpose of a Permit by Rule is to provide expedited, simplified permitting as mandated by state law; this provides a measure of regulatory relief. The small combustion energy permit by rule framework eliminates uncertainty in the permitting process because the 14 criteria which must be met to receive a permit to construct and operate are set forth in §§ 10.1-1197.6(B) of the Code of Virginia. Further, the regulation specifies that DEQ must render a decision concerning the permit application within 90 days. This significant reduction in uncertainty is in itself beneficial and will increase the likelihood that net beneficial projects will go forward.</p> <p>Indirect Benefits:</p> <p>Because combustion-related projects often generate energy from waste products, such projects create a beneficial use for substances that might otherwise become a disposal or pollution issue.</p> |
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| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
| | (a) Fiscal estimates are indeterminate. | (b) Fiscal estimates are indeterminate. |

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| (3) Other Costs & Benefits (Non-Monetized) | Combustion-related and other renewable-energy projects help reduce our country's dependence on foreign oil and help increase jobs and economic development related to construction |
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| | and operation of combustion-related projects. |
| (4) Assistance | None. |
| (5) Information Sources | Virginia Department of Planning and Budget Economic Impact Analysis for HB 2175/SB 1347 (Virginia 2009 Acts of Assembly Chapters 808 and 854). |

Impacts on Families

Table 3: Impact on Families

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| (1) Direct & Indirect Costs & Benefits (Monetized) | <p>Direct Costs:</p> <p style="padding-left: 40px;">Fiscal estimates are indeterminate.</p> <p>Indirect Costs:</p> <p style="padding-left: 40px;">Fiscal estimates are indeterminate.</p> <p>Direct Benefits:</p> <p style="padding-left: 40px;">This regulation protects the health, safety, and welfare of Virginia citizens because it establishes necessary requirements, other than those established in applicable environmental permits, to protect Virginia’s natural and historic resources that may be affected by the construction and operation of small renewable energy projects.</p> <p>Indirect Benefits:</p> <p style="padding-left: 40px;">There will likely be indirect benefits realized through the use of biomass resources because their use will reduce overall carbon emissions.</p> | |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
| | (a) Fiscal estimates are indeterminate. | (b) Fiscal estimates are indeterminate. |

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| (3) Other Costs & Benefits (Non-Monetized) | DEQ not expect that the regulation will have a direct impact on the institution of the family and family stability. |
| (4) Information Sources | Virginia Department of Planning and Budget Economic Impact Analysis for HB 2175/SB 1347 (Virginia 2009 Acts of Assembly Chapters 808 and 854). |

Impacts on Small Businesses

Table 4: Impact on Small Businesses

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| (1) Direct & Indirect Costs & Benefits (Monetized) | <p>Direct Costs:</p> <p style="padding-left: 40px;">Fiscal estimates are indeterminate.</p> <p>Indirect Costs:</p> <p style="padding-left: 40px;">Fiscal estimates are indeterminate.</p> <p>Direct Benefits:</p> <p style="padding-left: 40px;">For any individual or company wishing to develop a small combustion energy project, the regulation provides certain, consistent and reasonable standards for obtaining a permit to construct and operate. Furthermore, the regulation mandates that DEQ process permit applications in no more than 90 days – a timeframe that should help developers in their planning and may also assist in obtaining project financing.</p> <p style="padding-left: 40px;">For individuals or companies wishing to develop very small projects (e.g., 5 MW and below) or projects falling into certain categories (e.g., smaller than 10 acres or utilizing existing buildings or parking lots), the regulation allows the applicant to perform a greatly reduced number of regulatory requirements. This provision should make it less costly to develop residential-scale and community-scale projects.</p> <p>Indirect Benefits:</p> <p style="padding-left: 40px;">The permit by rule, in and of itself, is a regulatory method that is considered a less burdensome, faster approach for small businesses. Given the significant benefits for reduced risk, reduced time and reduced administrative costs for both applicants and DEQ, total application costs will likely be reduced under the regulation.</p> |
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| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
| | (a) Fiscal estimates are indeterminate. | (b) Fiscal estimates are indeterminate. |
| (3) Other Costs & Benefits (Non-Monetized) | This regulation addresses the need for a reasonable degree of certainty and timeliness for the protection of Virginia’s natural and historic resources required for small combustion energy projects by setting forth, as fully as practicable, the required protections “up front for combustion energy projects. The regulation details how DEQ will address the analysis of potential environmental impacts, mitigation plans, facility site planning, public participation, permit fees, inter-agency consultations, compliance, and enforcement. | |
| (4) Alternatives | | |
| (5) Information Sources | Virginia Department of Planning and Budget Economic Impact Analysis for HB 2175/SB 1347 (Virginia 2009 Acts of Assembly Chapters 808 and 854). | |

Changes to Number of Regulatory Requirements

None.