

APPENDIX B

Fee Calculation



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Air Quality Fee Calculations

The Clean Air Act requires each state to develop a Title V, Renewable Operating Permit Program that is supported by air quality fees. An annual air quality fee program for Michigan, including the specific fee structure, was established by the legislature in 1993. Based on this legislation, the first air quality fees were assessed in January 1995. In July 2001 the Governor approved major changes to the fee program, increasing both the facility charge and the emissions tonnage charge. Based on the current legislative requirements, annual fee assessments (invoices) are mailed to fee-subject facilities each year prior to January 15. Payment of the invoice is due within 90 days of the mailing.

The Michigan legislation establishes the following formula for calculating the annual air quality fee for each fee-subject facility:

$$\text{Annual Fee} = \text{Facility Charge} + \text{Emissions Charge}$$

Facility Charge

The facility charge is an annual flat fee based on the facility category. Facility categories are described as follows:

Category I Facility

Category I facilities are those that have the potential to emit 100 tons per year of any air contaminant, including NO_x, PM, SO₂, VOCs, CO, lead, and hazardous air pollutants (HAPs), and utility sources subject to the acid rain provisions in Section 402 of Title IV of the CAA.

The annual air quality fee for a Category I facility is \$4,485 plus the emissions charge.

Category II Facility

This is a major source as defined under Section 112 of Part A of Title I of the CAA. A Category II facility has the potential to emit 10 tons per year of any single hazardous air pollutant (HAP) or 25 tons per year of any combination of HAPs.

A Category II facility is also any facility subject to the requirements of Section 111 of Part A of Title I of the CAA, even if it is not a major source. These are facilities that are subject to the federal New Source Performance Standards (NSPS).

A Category II facility that also meets the definition of a Category I facility is considered a category I facility.

The annual air quality fee for a Category II facility is \$1,795 plus the emissions charge.

Category III Facility

Category III facilities are area sources (i.e., not a major source defined under Section 112) that are subject to a National Emission Standard for Hazardous Air Pollutants (NESHAP) promulgated under Section 112 of the Clean Air Act. For example, the majority of perchloroethylene dry cleaners are Category III facilities because they are area sources and subject to a NESHAP.

Category III facilities must pay an annual fee of \$250. They do not pay an emissions charge.

Municipal Electrical Generating Facility

- For sources that emit more than 450 but less than 4,000 tons -- \$24,816
- For sources that emit at least 4,000 but not more than 5,300 tons -- \$24,816 plus \$45.25 per ton in excess of 4,000 tons
- For sources that emit more than 5,300 but not more than 12,000 tons -- \$85,045
- For sources that emit more than 12,000 but less than 18,000 tons -- \$159,459

Emissions Charge

The emissions charge is \$45.25 per ton of billable emissions. The emissions tonnage is calculated for the calendar year, two years preceding the year of the billing. For example, the 2008 billing, which goes out in January 2008, will be based on actual emissions for the 2006 calendar year.



Billable emissions are actual emissions of fee-subject air contaminants with the following limitations:

- A facility will not be charged for total actual emissions of fee-subject air contaminants above 4,000 tons. At \$45.25 per ton, that means that the maximum emissions charge is \$181,000.
- When the total actual emissions of fee-subject air contaminants are less than 4,000 tons, there is a maximum of 1,000 tons per contaminant for which a facility will be charged.

Fee-subject air pollutants are PM10, NO_x, SO₂, VOCs, ozone, lead (Pb), and any air contaminant regulated under Section 111 (Standards of Performance for New Stationary Sources) or Section 112 (Hazardous Air Pollutants) of Part A, Title I of the Clean Air Act, or Title III (Hazardous Air Pollutants) of the Clean Air Act. Carbon monoxide is not a fee-subject air pollutant.

Facility owners and operators have the opportunity to review the data on which fees are based. In early July, the DEQ sends a copy of the previous calendar year emission inventory information and draft invoices to all Category I and II facilities. Facility owners and operators review the data to make sure it is correct and to report any change to their district offices by September 1. Fee bills are then sent out in January.

EXAMPLE C

Mecco, Inc. is a Category II facility that emits the following:

NOx	=	0 TPY
PM10	=	2 TPY
SO2	=	0 TPY
VOCs	=	14 TPY
HAPs	=	0 TPY (All HAPs already included in VOC & PM emissions.)
TOTAL	=	16 TPY

Billable Emissions Are:

NOx	=	0 Tons
PM10	=	2 Tons
SO2	=	0 Tons
VOCs	=	14 Tons
HAPs	=	0 Tons
TOTAL	=	16 Tons

Emission Charge:	16 Tons x \$45.25/Ton	= \$724
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Facility Charge:		= \$1,795
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ANNUAL AIR QUALITY FEE:	(724 + \$1,795)	= \$2,519
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**NEED
HELP?**

Questions concerning specific facilities should be directed to the appropriate district office. General questions concerning the air quality fee program may be directed to the Air Quality Division, Air Quality Evaluation Section at (517) 373-7063.