

Stationary Sources Control Fund

HB 18-1400

2019 Annual Report to the Legislature



COLORADO
Department of Public
Health & Environment

Foreword

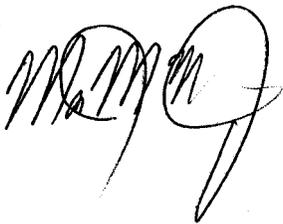
I am pleased to submit the first annual report for HB 18-1400, regarding the Colorado Air Pollution Control Division's Stationary Sources Control Fund.

Though this written report is not required by statute, it has been prepared to highlight the work to date and the next steps in executing the requirements of HB 18-1400.

Some of the highlights of this report include:

- Background on the successful fee bill
- Information regarding industry input into current practices
- Progress to date and efforts on the horizon

The Colorado Department of Public Health and Environment will submit an annual report each year through 2023.

A handwritten signature in black ink, appearing to read 'Mark McMillan', with a stylized flourish at the end.

Mark McMillan

Stationary Sources Program Manager
Colorado Air Pollution Control Division
December 13, 2018

Background

Prior to 2018, the Colorado Air Pollution Control Division (“APCD”) had not seen an increase in its Stationary Source Control Fund fees since 2008. Additionally, revenue over recent years had not kept pace with expenses. Thus, a need for an increase in fees was anticipated by the APCD. APCD began work with a variety of industry stakeholders in the summer of 2017 to articulate its financial needs. APCD met with a number of Colorado trade associations including Colorado Chamber of Commerce (formerly the Colorado Association of Commerce and Industry), Colorado Oil and Gas Association, Colorado Petroleum Association, Colorado Mining Association, and numerous individual companies. APCD also surveyed a broad group of industry representatives to gauge their understanding of the need to increase fees and the desire to support various fee structures. Survey results indicated a strong understanding of the need for an increase in the fees and a willingness to have those fees increased.

SURVEY RESULTS:

RESPONDENTS WERE ASKED TO SCORE THE FOLLOWING STATEMENT ON A 5 POINT SCALE (WITH 5 BEING THE HIGH VALUE): “I SEE THE NEED FOR THE COLORADO AIR POLLUTION CONTROL DIVISION TO INCREASE ITS FEES TO MAINTAIN EXISTING SERVICES (PERMITTING, COMPLIANCE OVERSIGHT, PLANNING, MONITORING, ETC.)?”

THE AVERAGE RESPONDENT’S SCORE WAS 4.3. OF ALL RESPONDENTS, 77% SCORED THE NEED AS 4 OR 5.

With input from industry stakeholders, the Stationary Source Control Fund fee bill was introduced (HB 18-1400). Highlights of the fee bill included:

- A **25% increase in fees** paid by stationary sources of air pollution;
- The permission to implement an **annual adjustment** in fees, tied to the Consumer Price Index;
- The establishment of a stakeholder process to identify and implement **process improvements**; and,
- An **annual report** to the legislature;

The Division was very appreciative that several trade associations testified in favor of the fee bill during the 2018 legislative session. The fee bill was signed in May 2018.

Progress

Beginning in July 2018, the APCD and a variety of industry stakeholders held bi-weekly meetings with the purpose of identifying process improvements. Through the course of the meetings, industry identified approximately 50 recommendations in areas including air quality permitting, compliance & enforcement, billing transparency, and database improvements. In late October / early November 2018, both industry and the APCD ranked the recommendations. Ranking was based, in part, on timing (that is, how soon improvements could be made), effectiveness (return on investment for APCD and the regulated community), and resources needed to implement. At the November 5, 2018 stakeholder meeting, APCD and industry evaluated the results of the ranking and selected eight areas to focus on in the near term.

In early December 2018, the APCD and industry established a process to address the identified recommendations. In short, the APCD and industry agreed to establish project teams to specifically identify cause(s) of the issues, establish solutions, and resolve them accordingly.

Though much of the work for the eight project areas is yet to come, APCD and industry are making significant headway. For example, with industry input the APCD has developed a prototype of a new and improved invoice for services that will bring greater clarity to incurred costs. The APCD anticipates having that new invoice in place in early 2019. Another example of progress to date is a significant overhaul to key areas of the APCD website. With industry feedback, improvements were

AREAS OF FOCUS:

IMPROVE APCD WEBSITE.

CREATE AN INSPECTION RECORDS REQUEST CHECKLIST.

IMPROVE THE ACCURACY OF EMISSION FEE BILLING.

SHARE THE NEW OIL AND GAS PRELIMINARY ANALYSIS SPREADSHEET WITH INDUSTRY.

COMMUNICATE NON-OIL AND GAS WORKLOAD AND PERMIT PROCESSING TIMES.

CREATE GUIDANCE DOCUMENTS FOR TITLE V OPERATING PERMIT APPLICATIONS AND NON-OIL AND GAS CONSTRUCTION PERMIT APPLICATIONS.

RE-ACTIVATE THE PERMIT APPLICATION TRACKING WEBSITE.

IMPROVE CANCELLATION PROCESS TIME AND TRACKING.

made to the website that now better assist the regulated community in finding needed information and resources. The improved website has garnered positive feedback to date.

The APCD and industry are currently identifying and establishing efficiency metrics. Those metrics will be informed by the specific process improvement projects and will focus on areas such as permit processing times among others.

Next Steps

As stated above, project teams are active now in addressing eight separate industry-identified needs. Project teams are set to meet in early January 2019. As part of those meetings, additional industry input will be secured, project plans developed, timelines for completion established, and measurements of success identified.

Also, as allowed by HB 18-1400, in 2019 the APCD will evaluate the need for a Consumer Price Index (CPI) adjustment to stationary source fees. Industry will be engaged before any decisions are made to pursue such an increase. The approval of any CPI adjustment to fees will be made through an open and public process before the Colorado Air Quality Control Commission.