

**Air Quality Permit Program
Emission Fee
Appropriations Report**

**Presented to
Appropriations Committee
of the
Legislature**

**By the
Department of Environmental Quality**



Nebraska
DEQ

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Flag on a clear day at Mahoney State Park NE Photo courtesy of Hayden Kaderly

Introduction

The Department of Environmental Quality submits this report to the members of the Appropriations Committee of the Nebraska Legislature, pursuant to Neb. Rev. Stat. §81-1505.04, as amended. This report details all direct and indirect program costs incurred during the State Fiscal Year 2013 (SFY 2013) in carrying out the air quality permit program. The permit program is the result of the Federal Clean Air Act Amendments of 1990 (CAAA) and the passage of LB1257 (1992) by the Nebraska Legislature. The Department was required to establish and implement a comprehensive operating permit program for major sources of certain air pollutants. The Federal program is referred to as the Title V program. The State of Nebraska's "Title V program" is often referred to as the Class I program.

Pursuant to the provisions of §81-1505.04, the Department is required to collect an annual fee on the emissions from major sources of air pollution in an amount sufficient to cover the costs of the implementation of the permit program. The statute provides flexibility to develop and adjust the fee according to Federal regulation or "as required to pay all reasonable direct and indirect costs of developing and administering the air quality permit program." The Department's resource tracking and accounting systems allow documentation of time and resources spent on the program. The purpose of this report is to document the revenue generated from emission fees and identify costs associated with the program. In addition, as required by statute, this report identifies the costs incurred by the Department to administer the program for each major source and each primary activity not specific to a major source.

Emerging Issues

A. National Ambient Air Quality Standards & Cross-State Pollution

The Clean Air Act requires EPA to review the National Ambient Air Quality Standards (NAAQS) every five years. These standards are set to protect public health, welfare and the environment. Currently, Nebraska is in compliance, or is in attainment, with all six pollutant standards. There are standards for ozone (O₃), lead (Pb), particulate matter (PM), carbon monoxide (CO), nitrogen oxides (NO_x), and sulfur oxides (SO_x). Changes have occurred recently to the lead, nitrogen oxides and sulfur oxides standards. EPA is expected to announce proposed revisions to the ozone standard in 2014. The Clean Air Science Advisory Committee, the group of scientists who advise EPA on the setting of such health-based standards, has recommended the ozone standard be lowered from 75 ppb to somewhere between 60 to 70 ppb, 8-hr average.

In December 2012, EPA lowered the PM_{2.5} annual standard from 15 to 12 µg/m³. While all areas of Nebraska maintain attainment with this revised standard, the Bellevue area is at approximately 96% of the standard.

Nebraska continues to maintain its attainment status with all of the pollutant standards. Looking forward, as the NAAQS have been lowered by EPA significantly for PM_{2.5}, lead, NO_x, and SO_x, ensuring the attainment status is maintained may prove to be challenging. Should Nebraska become non-attainment (not comply) with a NAAQS, the State must develop a strategy to return to compliance typically within 3 to 5 years and sustain on-going compliance. A non-attainment designation may make it difficult for existing industry to easily expand and detract new industry to come into the affected parts of the state.

Furthermore, emissions from one state can sometimes cause or contribute to air pollution issues in a downwind state. This is the fundamental basis of the cross-state air pollution rule (CSAPR) which EPA proposed in 2010 and finalized during the summer of 2011. EPA named Nebraska as a state that has an impact on Wisconsin and their ability to maintain compliance with the 24-hour PM_{2.5} standard. The Nebraska Attorney General's office joined a lawsuit against EPA in District Court challenging the CSAPR rule. The CSAPR rule was to take full effect January 1, 2012, however, on December 30, 2011; the Court stayed CSAPR pending the court's resolution of the petitions for review. On July 6, 2012, EPA Region 7 partially approved and partially disapproved Nebraska's Regional Haze State Implementation Plan (SIP). Simultaneously, EPA Region 7 imposed a federal implementation plan (FIP) imposing "CSAPR as Better than Best Available Retrofit Technology" for controlling sulfur dioxide (SO₂) emissions at NPPD Gerald Gentleman Station near Sutherland, Nebraska. On August 21, 2012, the US Court of Appeals decided in a 2-1 decision to vacate CSAPR and the CSAPR FIPs and remanded the case to EPA for action consistent with the decision. Nebraska has requested reconsideration of the partial disapproval of our Regional Haze SIP. Issues regarding the CSAPR rule are now before the United States Supreme Court. Arguments are to be heard in December 2013. The ultimate resolution of these issues could have an impact on emissions from power plants in Nebraska.

B. Greenhouse Gas Regulation

As a result of a US Supreme Court decision (U.S. vs. Massachusetts), the EPA was required to evaluate whether greenhouse gas emissions were endangering the public health and, if so, whether such emissions from vehicles significantly contributed to such endangerment. Therefore, EPA has been working on a path of greenhouse gas emission regulation under the structure of the Clean Air Act. EPA promulgated a mandatory reporting rule for sources whose emissions are over 25,000 tons per year. EPA runs this program. Reporting began in 2011 on calendar year 2010 emissions.

Due to the endangerment finding, EPA also promulgated air permitting rules under the Title V operating permit program and the federal prevention of significant deterioration (PSD) permit program in June 2010. The rules were 'tailored' to meet the unique challenges greenhouse gases brought to permitting. EPA expected states to incorporate the revised rules into their programs by January 2, 2011. The scope of the final rule changed the facilities impacted due to the fact the applicability threshold was raised significantly. At the December 2010 Environmental Quality Council hearing, the Council adopted the proposed rules into Title 129 Nebraska Air Quality Regulations. Thus far, the program has had minimal impact to the permitting program. Several issues surrounding GHG regulations have been challenged and are currently before the US Supreme Court.

In July 2011, EPA finalized a temporary three-year deferral for biogenic CO₂ emissions being subject to federal permitting requirements. During the three-year period, EPA deferred the application of PSD and Title V permitting requirements to carbon dioxide emissions from Bioenergy and other biogenic stationary sources. During this period, EPA is conducting an evaluation of the science associated with biogenic CO₂ emissions from stationary sources. Biogenic CO₂ emissions are those directly resulting from the combustion or decomposition of biologically based materials other than fossil fuels and mineral sources of carbon. Several ethanol facilities in Nebraska became subject to the federal Title V permitting requirements because of their CO₂ emissions from their facility. However, due to the biogenic deferral, many of these ethanol facilities could remain synthetic minor (Class II) sources provided 1) they accepted enforceable limits on their fuel combustion and 2) requested a variance to take

advantage of the federal deferral. However, in July 2013, the DC Circuit Court vacated EPA's biogenic deferral holding that EPA was not authorized to temporarily exempt such emissions from permitting programs. In August 2013, the DC Court granted a motion to postpone the deadline for filing petitions for rehearing on the biogenic deferral until 30 days after the US Supreme Court decides whether to grant petitions for review in the GHG rule cases. On October 15, 2013, the US Supreme Court granted a consolidated review of six petitions to review "Whether EPA permissibly determined that its regulation of GHG emissions from new motor vehicles triggered permitting requirements under the Clean Air Act for stationary sources that emit GHGs." The Court is expected to hear arguments in late February 2014, with a decision later in 2014.

In June 2013, President Obama announced a Climate Action Plan. As part of that plan, EPA is expected to develop carbon pollution standards for new and existing power plants on an aggressive schedule. EPA re-proposed a rule for new power plants in September 2013. EPA began engaging stakeholders to develop rules for existing power plants. A proposal that would outline guidelines for states to develop plans for regulating carbon from existing power plants is expected in June 2014.

To date, other than navigating the federal biogenic deferral as described above, the GHG permitting programs has had limited impact on Nebraska industries. Only two sources, one corn-milling operating, the other a steel manufacturing facility, have been required to conduct best available achievable control technology analyses for GHG emissions due to expansion at their facilities. Otherwise, GHG emissions are quantified and included in the permit package materials. NDEQ anticipates the upcoming regulations for existing power plants to impact primarily fossil-fueled electrical generating units.

Definitions

For the purposes of this report, the following definitions have been used:

Chargeable emissions: The total tonnage of regulated pollutants that are emitted from a major source up to and including any applicable caps. A cap of 4000 tons per pollutant applies to all major sources. For mid-size electrical generation facilities, not under jurisdiction of a local air program, that have a nameplate capacity of between 70 and 115 megawatts, a cap of 400 tons per pollutant applies.

Class I – Major Source: An air emissions source who is permitted to emit 100 tons or more per year of PM10, CO, NOx, SOx, and/or VOC, 10 tons of any single HAP, and/or 25 tons of any combination of HAPs; or, 100 tons of greenhouse gases on a mass basis and 100,000 tons of Carbon dioxide equivalent. Such sources are required to obtain a Class I operating permit. Some other source categories are required to obtain a Class I operating permit due to requirements in other regulations. Also known as a Class I major source.

Class II – Synthetic Minor Source: A source that has a potential to emit to be a major source, but through enforceable limits has lowered their potential to emit to below the major source thresholds. Synthetic minor sources either obtain Class II permits or qualify for the Low Emitter program. Synthetic minor sources are not assessed emission fees.

Compliance Assurance: Assuring compliance includes activities such as conducting facility inspections, responding to complaints, stack test observations, file reviews, voluntary compliance and enforcement.

Direct costs: Direct program costs are those costs incurred through the direct implementation of the Title V program. Examples include: costs of permit review labor, inspector salaries and travel expenses, air monitoring equipment purchases, regulation development, small business assistance and computer modeling software purchases.

Indirect costs: Indirect costs are the programs share of costs incurred by the Department that benefit the entire agency. Examples include: building rent, costs of certain administrative labor such as the Director, the Deputy Directors, and general data management.

Low Emitter Source: A source that has a potential to emit to be a major source, but has demonstrated through records and emission inventories for at least 5 years a history of actual emissions not exceeding 50 percent of major source thresholds for regulated pollutants and are not otherwise required to obtain a permit.

Non Source-Specific Costs: Those costs not specifically attributable to a single source. Examples include: resources required for review of federal regulations, resources required for participation in national organizations, small business assistance, labor for drafting a general air permit, and ambient air monitoring in areas of multiple sources.

Primary Activity: A main functional area of the air program. Examples of primary activities include: permitting, small business assistance, emission inventory, state regulation and program development, compliance assurance, federal policy and rulemaking, and acid rain.

Source-Specific Costs: Those costs specifically attributable to a single source. Examples include: labor for drafting an operating permit for a single source, labor for inspecting a single source, and cost of publishing a public notice for a permit.



Alternative Energy – The wind and sun power the NDEQ air quality monitoring station in Scottsbluff, NE.
Courtesy, Scottsbluff Star Herald

Direct and Indirect Costs – SFY2013

A. Fees Assessed

Major source emissions were first subject to fees for calendar year 1994 emissions. The following table details the fee rates for the last several years, the date those fees were due, how much was collected, and which fiscal year the fees were intended to fund.

Table 1: Fees Collected

Emission Inventory Year	Fee Rate per Ton of Pollutant	Fee Due Date	Fees Collected ¹	Fiscal Year Funded
2006	\$57	July 1, 2007	\$2,410,594	SFY2008
2007	\$57	July 1, 2008	\$2,326,284	SFY2009
2008	\$62	July 1, 2010	\$2,478,420	SFY2010
2009	\$70	July 1, 2010	\$2,666,552	SFY2011
2010	\$66	July 1, 2011	\$2,566,717	SFY2012
2011	\$64	July 1, 2012	\$2,657,805	SFY2013
2012	\$65	July 1, 2013	\$2,588,903	SFY2014

B. General Discussion of Program Costs

The Department's SFY2012 estimated expenditures (budget) was \$2,916,219 for the Title V program. The Department expended \$2,499,524 or approximately 86% of the budget. Table 2 provides a summary of SFY2013 expenditures within the Title V program by budget category

Table 2: Title V Program Costs SFY2013 by Budget Category
(July 1, 2012 - June 30, 2013)

Category	Agency Program Costs
Personnel	\$ 1,411,919
Benefits	341,220
Contractual	13,775
Supplies	9,783
Other	30,354
Travel	26,208
Equipment	4,532
Total Direct Costs:	\$ 1,837,791
Total Indirect Costs:	661,733
Total Costs:	\$ 2,499,524
Percent of Budget Expended	86%

¹ Fees collected reflect late payment fees and updates to the emissions inventory that may have occurred after the initial submittal was filed.

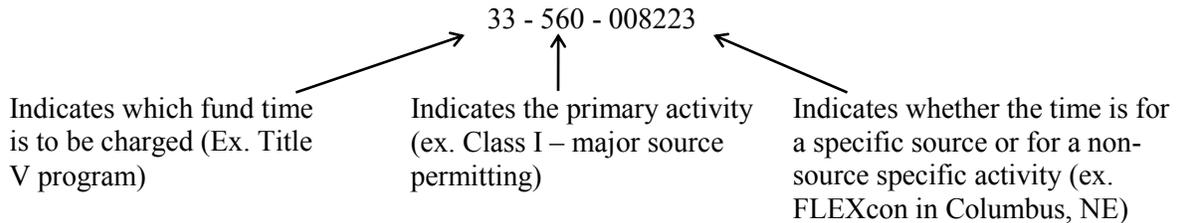
Primary Activity Costs

A. Resource Tracking

The Department has a resource tracking and accounting system that enables the air program expenditures to be segregated. The Department was required to establish a system that provides reporting of resources expended on the primary components of the air quality program, as well as resources expended for each major source. Use of the system commenced in July 1996.

Under the resource tracking system, program activities are charged to the Title V (Class I) program, the “state” program, the Federal 103 program, or to the construction permit application fee program. The emission fee paid by major sources funds the Title V program. The “state” program refers to the 105-grant program. The 105 program is funded by Federal funds and State general funds. The Federal 103 program is funded wholly by Federal funds and is utilized only for maintaining the PM_{2.5} (particulate matter with an aerodynamic diameter of less than 2.5 microns) ambient monitoring network. The construction permit application fee program was enacted by the Legislature during the 2004 session (LB449) and began January 1, 2005. When applying for an air quality construction permit, the owner or operator of the facility must submit an application fee. The fees collected under the construction permit program are used toward paying some of the costs of processing the application.

All time spent by staff on the Title V program is recorded on timesheets as being a program activity. The Title V program includes activities associated with major sources and synthetic-minor sources. Permit, planning and compliance program staff document time by primary activity and by specific source or non-source specific activities. An example of how the Title V program activities are tracked follows:



B. Costs by Primary Activity

The following table details the Title V air program costs for SFY2013 by primary activity:

Table 3: Costs by Primary Activity SFY2013
(July 1, 2012- June 30, 2013)

Resource Tracking Code	Primary Activity	Agency Program Costs
001	Administration and Management	\$ 86,299
002	General Office	187,397
553	Emission Inventory	56,293
554	Ambient Air Monitoring	98,958
555	General Air Program	344,275
559	Small Business Assistance Program	171,902
560	Class I – Major Source Permits	449,398
561	Class II – Synthetic Minor Permits	284,047
563	State Regulatory & Program Development	21,739
564	Federal Policy & Rulemaking Review	17,512
565	Air Toxics	5,080
566/562/569	Other permitting	3,627
567	Compliance Assurance	683,330
568	Complaints	2,275
570	Low Emitter Permits	19,148
	Other (non specified)	68,244
	TOTAL	\$2,499,524

C. Costs Specific to Major Sources

Table 4: Costs by Major Source SFY2013
(July 1, 2012 - June 30, 2013)

Facility Name	Facility Location	Facility ID	Resource Tracking Code	Total Agency Costs
A-1 Fiberglass	Hastings	723	008366	\$ 1,347.21
Abengoa Bioenergy Co, LLC	York	59094	008291	18,661.62
Abengoa Bioenergy of Nebraska ²	Ravenna	77854	009013	5,202.02
ADM Corn Processing	Columbus	39285	008206	90,964.43
ADM Soy Processing	Fremont	9169	008265	2,037.22
AGP Corn Processing Inc	Hastings	62574	008236	13,590.57
AGP Soy Processing	Hastings	72698	008794	27,769.55
Apache Manufacturing	Norfolk	53804	008936	4,166.77
Ash Grove Cement Co	Louisville	4129	004504	9,604.56
Aventine Renewable Energy ³	Aurora	87072	010151	9,998.00
BD Medical Systems	Columbus	38719	008383	1,023.14
Bertrand Compressor Station	Loomis	88547	010189	9,816.02
Butler County Landfill Inc	David City	62743	008812	52.00
Cargill Ag Horizons	Albion	1446	008310	3,521.95
Cargill Inc	Blair	57902	008296	46,632.06
Cargill Lactic Acid	Blair	91164	010294	7,561.99
Cargill Meat Solutions Corp	Schuyler	6272	008524	623.90
Cargill Polyols, LLC	Blair	64401	008787	5,500.99
Chadron Community Hospital	Chadron	7795	009062	1,126.95
Chief Ethanol Fuels Inc	Grand Island	58049	008315	22,984.31
Clean Harbors Env Services Inc	Kimball	58562	008319	13,162.96
CNH Grand Island Plant	Grand Island	24371	008395	1,533.07
Columbus Terminal	Columbus	39527	008345	1,705.88
Cornhusker Energy ⁴	Lexington	77755	009010	2,034.09

² Did not request a variance. Submitted a Class I application on 6/25/12.

³ See Nebraska Energy.

⁴ Became Class I due to the Greenhouse Gas regulation. Received a variance to take advantage of the deferral for CO2 emissions generated from biogenic sources on 8/6/12, but is still Class I due to combustion GHG emissions.

Facility Name	Facility Location	Facility ID	Resource Tracking Code	Total Agency Costs
CW Burdick Gen Station	Grand Island	54712	008770	\$ 888.56
David City Municipal Power	David City	4016	008300	3,627.51
Don Henry Power Center	Hastings	58345	008530	5,026.27
Douglas Co Recycling Landfill	Bennington	62593	008467	6,570.17
Douglas County Landfill	Omaha	59516	008244	3,209.86
Dutton-Lainson Co	Hastings	125	008374	20.98
E Energy Adams, LLC ⁵	Adams	86373	010021	22,281.58
Earthgrains Baking Company	Bellevue	59056	008471	307.02
Earthgrains Baking Company	Hastings	140	008474	3,711.87
Elkhorn Valley Ethanol, LLC ⁶	Norfolk	84534	009076	21,444.67
Endicott Clay Products Co	Fairbury	27355	008389	365.28
Exmark Mfg	Beatrice	23151	009016	73.42
FLEXcon Company, Inc	Columbus	58429	008223	1,990.77
Flint Hills Resources	Fairmont	86026	010000	14,635.45
G & P Dev, Inc Landfill	Milford	45275	008825	2,244.68
Geneva Terminal	Geneva	22282	008343	587.30
Gordon Memorial Hospital	Gordon	57220	008992	1,675.15
Grand Island Regional Landfill	Shelton	62812	008809	34.46
Green Plains Central City, LLC ⁷	Central City	82836	009032	5,988.56
Green Plains Ord, LLC ⁸	Ord	85861	009091	7,908.73
Husker Ag, LLC ⁹	Plainview	73356	008963	5,455.17
Insulfoam, LLC	Mead	43396	008221	431.15

⁵ Became Class I due to changes requested in a previous permitting action in 2010. Received a variance to take advantage of the deferral for CO2 emissions generated from biogenic sources on 6/10/12, but remained Class I until 9/25/2012 when the Class II operating permit was issued.

⁶ Became Class I due to the Greenhouse Gas regulation. Received a variance to take advantage of the deferral for CO2 emissions generated from biogenic sources on 6/11/12, but remained Class I until 8/30/13 when the Class II operating permit was issued.

⁷ Became a Class I due to the Greenhouse Gas regulation. Submitted Class I application on 6/15/12.

⁸ Became a Class I due to the Greenhouse Gas regulation. Submitted Class I application on 6/18/12..

⁹ Became Class I due to the Greenhouse Gas regulation. Received a variance to take advantage of the deferral for CO2 emissions on 8/6/12, but remained Class I until modified Class II permit was issued on 11/1/12 due to combustion emission.

Facility Name	Facility Location	Facility ID	Resource Tracking Code	Total Agency Costs
International Minerals Tech	Fairbury	27086	008217	\$ 10,350.24
J Bar J Landfill	Ogallala	63354	008826	89.02
KAAPA Ethanol, LLC ¹⁰	Minden	75073	008994	6,195.31
Koch Nitrogen Company, LLC	Beatrice	23383	008411	2,253.97
Lon D Wright Power Plant	Fremont	48518	008350	3,362.82
Magellan Pipeline Co LP	Omaha	17738	008462	6,398.77
Magnolia Metal Corp	Auburn	36751	008465	254.82
Naturally Recycled Protein	Wakefield	80265	009061	9,106.89
NatureWorks, LLC	Blair	69585	008857	2,182.95
Nebraska City Power Plant # 1	Nebraska City	37388	008353	2,427.59
Nebraska City Power Plant # 3	Nebraska City	64753	009004	2,907.05
Nebraska Energy, LLC ¹¹	Aurora	59052	008424	12,569.16
NEDAK Ethanol, LLC ¹²	Atkinson	86416	010027	2,905.94
NGPL Compressor #106	Beatrice	23034	008435	1,915.18
NGPL Compressor #196	Syracuse	37669	008470	1,911.04
NNSWC Landfill	Clarkson	62779	008811	2,101.78
North Denver Station	Hastings	55721	008339	3,950.18
Northern Natural Gas Co	Beatrice	23382	008324	206.83
Northern Natural Gas Co	Palmyra	37514	008325	206.83
NPPD Beatrice Power Station	Beatrice	76739	009002	10,258.48
NPPD Canaday Station	Lexington	8512	008433	3,130.54
NPPD Gerald Gentleman	Sutherland	34385	008396	6,021.40
NPPD Hebron Peaking Unit	Hebron	58034	008708	1,084.04
NPPD McCook Peaking Unit	McCook	39986	008836	80.32

¹⁰ Became Class I due to the Greenhouse Gas regulation. Received a variance to take advantage of the deferral for CO2 emissions generated from biogenic sources on 6/11/12, however source remained Class I until modifications were made to the operating permit to remain Class II on 11/16/12. Facility added combustion equipment, in 2013 and submitted a Class I application on 9/30/2013.

¹¹ Did not request a variance. Submitted a Class I application on 3/26/12.

¹² Became Class I due to the Greenhouse Gas regulation. Received a variance to take advantage of the deferral for CO2 emissions generated from biogenic sources on 5/29/12, however facility is remains Class I until modifications are made to Class II operating permit.

Facility Name	Facility Location	Facility ID	Resource Tracking Code	Total Agency Costs
Nucor Corporation	Norfolk	35548	008406	\$ 4,028.96
Nucor Steel	Norfolk	35677	008267	106,538.51
Omaha Papillion Creek Waste	Omaha	57789	008436	5,744.47
OPPD Cass County Station	Plattsmouth	70919	008870	3,509.76
OPPD Nebraska City Station	Nebraska City	58343	008355	61,719.87
OPPD Sarpy County Station	Bellevue	42638	008241	3,132.56
Orthman Manufacturing Inc ¹³	Lexington	8132	008464	5,389.23
Osceola Terminal	Osceola	58738	008482	1,389.49
Pioneer Trail Energy, LLC ¹⁴	Wood River	86000	009094	8,116.99
Plainview Municipal Power	Plainview	38561	008757	8,462.49
Platte Generating Station	Grand Island	58027	008771	5,854.37
PURAC Production USA	Blair	64258	008451	0.00
Sarpy County Sanitary Landfill	Springfield	48856	008828	4,478.47
Siouxland Ethanol LLC ¹⁵	Jackson	85434	007303	16,244.88
Steele City Compressor Station	Odell	86963	010142	4,605.28
Store Kraft Manufacturing	Beatrice	23048	008361	63.41
TIGT Albion Compressor	Albion	1416	008475	3,968.84
TIGT Big Springs Station	Big Springs	56628	008297	1,652.10
TIGT Grand Island Station	Grand Island	24673	008479	0.00
TIGT Holdrege Station	Holdrege	38270	008476	3,089.59
TIGT Huntsman Station #1	Sidney	5456	008392	613.88
TIGT Lexington Station	Lexington	8669	008437	345.01
TIGT North Platte Station	North Platte	58735	008477	9,202.97
Tyson Fresh Meats Inc	Dakota City	7339	008376	14,545.55
Tyson Fresh Meats Inc	Lexington	8744	008432	26,138.48

¹³ Became Class II on 9/19/2012 when operating permit was issued.

¹⁴ Became Class I due to the Greenhouse Gas regulation. Did not request a variance, but instead submitted a Class I operating permit application on June 28, 2012. Facility did not want to limit fuel combustion.

¹⁵ Became Class I due to the Greenhouse Gas regulation. Received a variance to take advantage of the deferral for CO2 emissions generated from biogenic sources on 5/8/12. Requested changes to operating permit to limit GHG emissions to below Class I levels received 7/23/12.

Facility Name	Facility Location	Facility ID	Resource Tracking Code	Total Agency Costs
Union Pacific Railroad	North Platte	60192	008481	\$ 9,738.16
Valero Renewable Fuels Co ¹⁶	Albion	85814	009089	11,075.25
Veyance Technologies, Inc.	Norfolk	53867	008391	3,919.19
Wayne Municipal Power Plant	Wayne	47263	008426	5,076.62
Western Sugar Cooperative	Scottsbluff	44141	008225	100.03
Whelan Energy Center	Hastings	58048	008338	6,021.23

D. Sector-Specific Costs

The growth Nebraska has seen in the ethanol production sector has leveled off the last few years. Initially activities were associated with pre-construction permitting. Now that plants are built and are operational, the work has shifted to compliance, operational permits, and enforcement activities. Most costs associated with administering the air program for ethanol production facilities are paid with Title V emission fees because facilities are either major or synthetic minor facilities. A small portion of the costs are paid with construction permit application fees. Ethanol plants are considered major or synthetic-minor for purposes of the air permit program. Table 5 details the amount of Title V funds that have been expended toward the ethanol sector since SFY2006:

Table 5: Title V Air Program Spending on the Ethanol Fuel Sector since SFY06

State Fiscal Year	Ethanol Sector Title V Spending	Percent of Total Title V Expenditures
SFY06	\$318,819	14%
SFY07	\$445,380	22%
SFY08	\$376,546	16%
SFY09	\$440,777	18%
SFY10	\$473,690	18%
SFY11	\$382,870	15%
SFY12	\$377,606	14%
SFY13	\$361,366	14%

When factored in with grain and other value-added agricultural products, costs associated with the ethanol, accounted for approximately 18 percent of the Title V costs during SFY013. The next closest sector for spending was the general and heavy industry sector, amounting to a total of 11.6 percent of the total Title V expenditures. This total includes facilities such as Yahoo!, Nucor Steel, Omaha Steel Castings, and Valmont Industries. The “non-specific” category refers to costs associated with activities that are not associated with an individual source, but benefit a broad category of sources. Examples of activities include: ambient monitoring, rule development, data entry, outreach, and training.

¹⁶ Valero requested and was granted a variance on 6/27/12 to take advantage of the deferral, however according to the 9/21/12 permit issued to Valero, the facility is still a major source of GHGs.

Chart 1 illustrates the total Title V air program costs specific to these large sectors:

Chart 1: Title V Costs by Sector (Percentage)

