



Air Operating Permit Program Report

Fiscal Year 2024

(July 1, 2023 – June 30, 2024)

By

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For the

Air Quality Program

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¹ www.ecology.wa.gov/contact

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Introduction

The Air Quality Program works to limit and reduce air pollution so that everyone living in and around Washington has clean, healthy air to breathe, improved visibility, and a healthy environment. This not only benefits public health but also preserves our natural environment.

Our strategic plan ensures that our employees and other stakeholders are working toward common goals. This approach is supported by funds from the Air Quality Program, providing transparency and facilitating the understanding of the program's impact and our responsibility in maintaining air quality standards.

This report summarizes the Air Operating Permit (AOP) Program financial details, performance, and program activities for Fiscal Year (FY) 2024 (July 1, 2023 – June 30, 2024). It provides a comprehensive overview of the program's achievements and areas for improvement, ensuring we continue to uphold high air quality standards for the benefit of all.

Air Operating Permit Program Summary

The Air Operating Permit (AOP) Program represents an innovative and systematic approach to air pollution control, anchored in federal law and aimed at standardizing air quality permits and the permitting process for major emission sources. Under section 502(b) of the 1990 Federal Clean Air Act (CAA) amendments, all sources subject to the air operating permit requirements are mandated to pay an annual fee. These fees are calculated to cover all reasonable direct and indirect costs necessary to develop and administer the AOP program. The EPA sets an annually adjusted minimum fee, known as the Presumptive minimum fee," which is expected to cover the costs associated with the AOP program. Washington is required to provide detailed accounting if its fee schedule is less than the presumptive minimum or if the EPA thinks the fee schedule is insufficient to cover program costs.

Ecology's AOP program undergoes a financial audit every other year to ensure financial accountability. This report succinctly encapsulates the permit program activities that are consistent with the Washington Clean Air Act, the Revised Code of Washington (RCW), and the Washington Administrative Code (WAC), which collectively provide the regulatory framework for the AOP program.

For more information about this report, contact Shauna Abbenhaus at Shauna.Abbenhaus@ecy.wa.gov.

Air Operating Permit Program Financial Performance

Workload analysis

Ecology is required to conduct a workload analysis every two years. The workload analysis is a projected budget for the work to be performed in the next biennium. This includes publishing a

draft on Ecology’s website² by February 28th, which allows for a sixty-day public comment period before publishing the final draft by June 30th. The analysis includes resource requirements for both the direct and indirect program costs. These costs are associated with Ecology staff who perform fee-eligible AOP activities (Chapter 173-401-900 WAC).

In June 2020, Ecology published the workload analysis for fiscal years 2022 and 2023 (July 1, 2021 – June 30, 2023). The analysis was sent to individuals on a distribution list who have requested to receive notice about AOP fees.

To be added to this distribution list, contact Shauna Abbenhaus at Shauna.Abbenhaus@ecy.wa.gov.

Total program revenue and expenditure

For FY 2024 (July 1, 2023 – June 30, 2024), Ecology’s AOP program budget and projected revenue was \$2,695,288.

The AOP program’s opening and closing balance is a working capital reserve required to maintain a positive fund balance throughout the fiscal year. Opening fund balances greater than nine months’ worth of estimated expenditures in the following fiscal year are eligible for rebates, as described in the “rebates and credits” section of this report.

Table 1. Account Balance Comparison for Fiscal Years 2023 and 202

	FY 2023	FY 2024
AOP account opening balance	\$3,084,221 ³	\$3,458,552
Actual revenue (fees)	\$2,695,288	\$2,506,569
Actual expenditures	\$1,699,991	\$1,830,246
AOP account closing balance	\$3,458,552	\$3,893,187

Rebates and credits

The Office of Financial Management (OFM) previously allowed Ecology to accrue a negative cash balance until fees were received later in the fiscal year. Since 2015, OFM has required Ecology to maintain a positive monthly cash balance in each dedicated account it manages. The AOP account has ongoing expenditures throughout the year and total revenue is received in annual payments nine months into each fiscal year. Fiscal years begin July 1 and end June 30, and revenue is generally received at the end of February through the end of March. To maintain a positive cash balance in the AOP account, Ecology has slowly built a working capital reserve in this account.

² <https://ecology.wa.gov/Regulations-Permits/Permits-certifications/Air-Quality-permits/Air-operating-permits>

³ Our state accounting system shows that we collected \$3,084,221 in fee revenue. 0

Rebates were suspended until the opening fund balance of a fiscal year was greater than nine months' worth of estimated expenditures for the ensuing fiscal year (determined by prorated available expenditure authority). The opening fund balance in FY 2024 was \$3.4 million. When this amount was prorated for 9 months' worth of expenditures, a working capital reserve (opening balance) of \$2.9 million was required. The FY 2024 actual cash revenue (fees) was \$2.5 million and does not offer rebates for fiscal year 2024.

Air operating permit fee revenue

Chapter 173-401-900 WAC stipulates that Ecology costs be distributed according to a three-tiered model with each of the three tiers being equally weighted. The three tiers are based upon:

- The number of sources under Ecology's jurisdiction.
- The complexity of the sources under Ecology's jurisdiction.
- The size of the sources, measured by the quantity of each fee-eligible pollutant emitted.

Ecology billed and collected \$2,593,494 from 25 facilities with AOPs. WAC 173-401-900(5)(b) directs the allocation of AOP fees to each source, which are due annually by February 28th. The amount billed included:

- Tier 1: Flat fee of \$33,249.93 per facility
- Tier 2: Complexity fee of \$146.33 per hour of oversight
- Tier 3: Emission fee of \$79.21 per ton

Development and oversight of revenue

Development and Oversight (D&O) costs are Ecology's costs to:

- Develop and administer the state operating permit program
- Oversee the program administration by the delegated local clean air agencies

All sources with an AOP pay Ecology's D&O costs (Chapter 173-401-900(5)(a)). The costs for Ecology sources are included in the flat fee (Tier 1) portion of their billing. Washington's seven local clean air agencies paid \$123,078.25 in D&O costs. Local clean air agencies' D&O fees are due annually by March 31st.

Expenditures

Chapter 173-401-940 lists the activities authorized to be performed using funds supported by the state AOP program. During FY 2024, Ecology spent \$1,830,246 administering these activities:

- Program administration and support
- Permit processing
- Permit management
- Delegation and regulation

- Technical assistance
- Public outreach and education
- Ambient monitoring and oversight

Table 2. Fiscal Year 2024 Expenditures

Expenditure	Amount
Salaries and Wages	\$1,177,627.23
Employee Benefits ⁴	\$379,447.43
Professional Service Contracts	\$57,418.48
Goods and Services ⁵	\$56,315.65
Travel	\$8,373.84
Capital Outlays ⁶	\$1,261.97
Grants, Benefits, & Client Services ⁷	\$213.00
Intra-Agency Reimbursements ⁸	\$149,588.19
Total	\$1,830,254.79

Air operating permit program presumptive minimum test

The Environmental Protection Agency (EPA) establishes an annually adjusted minimum fee called “presumptive minimum” that is expected to cover AOP program costs. The presumptive minimum⁹ The rate for federal FY 2024 (September 1, 2023 – August 31, 2024) was \$61.73 per ton of emissions. Ecology sources emitted 10,914 tons of regulated pollutants, so Ecology’s presumptive minimum was \$864,498.

Ecology revenue was greater than the presumptive minimum for 2024, so it was presumed sufficient to cover program costs.

Program Performance

Ecology performed the following activities to support the air operating permit program:

- Permit processing – application reviews, writing draft and final permit renewals, permit amendments and modifications, public notices and hearings, public comment responses, operational reviews, and appeals.
- Permit management – inspections, stack test oversight, emissions reports, complaint investigations, oversight, modeling, and facility annual compliance certifications.

⁴ Survivors’ insurance, disability insurance, retirement, etc.

⁵ Materials, supplies, communications, postage, utilities, subscriptions, etc.

⁶ Furnishings, equipment, and software purchases with a useful life greater than one year

⁷ Charge to permittees for using electronic payment service (E-Pay)

⁸ Reallocation of expenditures and accruals within an agency

⁹ <https://www.epa.gov/title-v-operating-permits/historical-permit-fee-rates>

- Program administration and support – program management, data management, fee administration, emissions inventory support, permit workshops and training, clerical support, administrative enforcement, program coordination, audits, local program oversight, permit register, public records requests, rules and regulation guidance, and general outreach.
- Technical assistance – source assistance and interagency agreements.

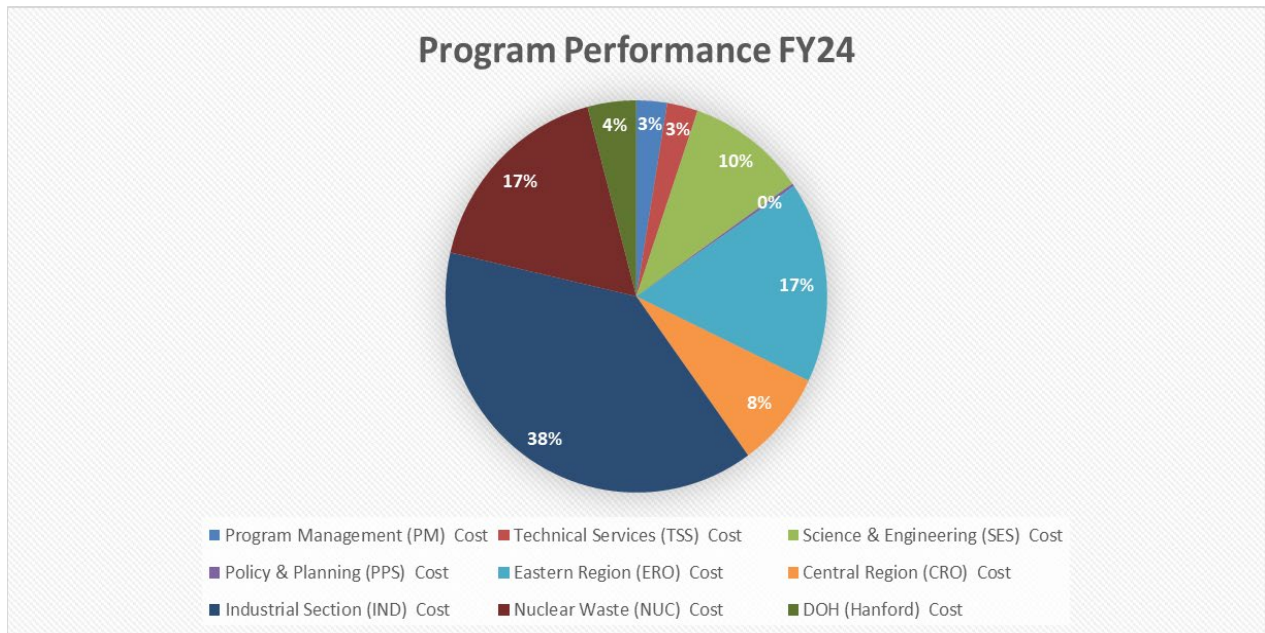


Figure 1. Air Operating Permit Program Expenditure

Staffing levels

Ecology staff are calculated as full-time equivalents (FTE). This measurement helps budget analysts estimate labor costs. One FTE indicates the workload of one full-time employee working 40 hours per week. OFM assumes 2,088 work hours equal to one FTE in a fiscal year. To calculate actual FTEs, the number of staff hours worked is divided by 2,088.

The program was staffed to cover required work during FY 2024. In some instances, the actual FTE is more or less than the projected FTE due to the shift of staff resources and vacancies.

Table 3. Projected vs. Actual FTE

AOP Staffing Areas	Projected Direct FTEs	Actual Direct FTEs
Program Management - Ecology Headquarters	0.38	0.57
Engineering & Permit Section	1.58	0.87
Policy and Planning Section	0.03	0.05
Technical Services Section	0.40	0.13
Central Regional Office	1.15	0.74
Eastern Regional Office	2.69	1.46
Solid Waste Mgmt. Program - Industrial Section	5.63	3.27

AOP Staffing Areas	Projected Direct FTEs	Actual Direct FTEs
Nuclear Waste Program - Hanford	2.44	1.82
Department of Health	0.62	0.30
	14.92	9.21

Emissions Inventory

An emissions inventory is a list of pollutants discharged into the air during a specific period. Ecology collects emissions data according to federal regulations. The inventory is used to determine significant sources of air pollution, provide the public with air emissions data, and establish trends.

Air pollution sources submit their emissions data using the Washington Emissions Inventory Reporting System (WEIRS). WEIRS is an electronic data collection system that allows facilities with an AOP and local clean air agencies to report their emissions data.

The information in WEIRS is submitted to EPA so they can develop the National Emissions Inventory (NEI). The NEI is released every three years based on data submitted by state, local, and tribal clean air agencies. The inventory consists of criteria pollutants, criteria precursors, and hazardous air pollutants from air emission sources. The data allows EPA to identify trends and establish air quality standards.

Ecology's emissions inventory group manages the database for major stationary sources of air pollution. Fee eligible emissions are calculated from the most current available data. For FY 2024 fees, emissions data from calendar year 2022 was used. In Ecology's jurisdiction, sources with an AOP produced a total of 10,914 tons of fee eligible emissions:

- 1,420 tons of particulate matter of 10 microns in diameter or smaller (PM₁₀)
- 1,828 tons of sulfur dioxide (SO₂)
- 6,489 tons of nitrogen oxides (NO_x)
- 1,177 tons of volatile organic compounds (VOC)

Permit Processing

An AOP expires five years after it is issued. Ecology completes the initial permit issuance or renewal process in an average of eighteen months. If a source has submitted a complete application to Ecology within six to twelve months of expiration, the source may continue operating under their current permit (Chapter 173-401-705 WAC). Sources can apply for AOP modifications and amendments at any time.

Permit activity and timeliness during FY 2024:

- 0 issued permit
- 1 modification
- 1 permit rescinded

Table 4. Ecology Air Operating Permit Timeliness Tracking

Sources	Active Permits	Initial Permits Issued (<18 mo.)	Outstanding Initial Applications (>18 mo.)	Expired Permits	Extended Permits (>5 yrs.)	Outstanding Significant Modification	% Extended	% Outstanding + Extended
25	23	0	2	0	5	3	22%	27%

Permit Management

Ecology's goal is to ensure compliance by offering assistance and education to permittees. Compliance and enforcement¹⁰ are prioritized to ensure the conditions of each facility's permit are met. Activities associated with permit management are:

- facility inspections
- stack test oversight
- compliance evaluations
- annual compliance certifications
- complaint investigations/field responses
- EPA reporting
- deviation/violation processing

Compliance and enforcement

Our dedicated staff has diligently conducted thorough evaluations to ensure facilities comply with environmental regulations. This includes:

- **Full Compliance Evaluations (FCEs):** In-depth, on-site assessments covering all regulated pollutants at emission units to determine compliance status.
- **Partial Compliance Evaluations (PCEs):** Evaluations conducted either on-site or off-site, focusing on specific pollutants, processes, regulatory requirements, or emission units. Activities include visible emission observations, consent decree follow-ups, report reviews, and facility records reviews.

Achievements During Reporting Period:

- 6 Full Compliance Evaluations (FCEs)
- 49 Partial Compliance Evaluations (PCEs)
- 131 Stack Test Reviews

¹⁰ <https://echo.epa.gov/>

- 14 Enforcement Actions

Enforcement Actions: Formal and informal actions taken, increasing in severity:

- Notice of Correction (NOC)
- Notice of Violation (NOV)
- Administrative Order
- Notice of Penalty (NOP)

Before issuing an NOV, facilities receive a verbal warning and technical assistance. Violations may arise from excess hazardous emissions, permit non-compliance, visible emissions, or unresolved issues. High Priority violations (HPV) and federally reportable violations (FRV) are specifically noted during inspections.

Enforcement Actions During Reporting Period:

- 13 Notices of Violation (NOVs)
- 2 High Priority Violations (HPVs)
- 3 Federally Reportable Violations (FRVs)
- 2 Notices of Penalty (NOPs)

Our commitment to rigorous evaluations and enforcement ensures a safer, healthier environment for all.

Penalties

In FY 2024, Ecology issued two penalties for violations of air quality standards. It is important to note that money received from these penalties does not become part of the Air Operating Permit (AOP) program budget. Instead, the funds are deposited into the Air Pollution Control Account, which is used to support various initiatives such as:

- Environmental restoration and enhancement projects
- Research and development
- Permitting and regulatory programs
- Education and Assistance

When determining the appropriate amount of the penalty, Ecology takes into consideration several factors, including:

- The nature of the violation
- Prior behavior of the facility
- Actions taken by the violator to correct the problem

Ecology is committed to working with businesses to help them comply with state laws. Penalties are issued in cases where non-compliance continues despite Ecology's provision of technical assistance or warnings, or for particularly serious violations.

Delegation and Regulation

Rulemaking

On February 7, 2024, the EPA strengthened the National Ambient Air Quality Standards for Particulate Matter (PM NAAQS) to protect millions of Americans from harmful and costly health impacts. Washington Ecology Chapter 173-476 WAC is a rule adopting the current National Ambient Air Quality Standards (NAAQS) for criteria pollutants, including PM 2.5.

The Code Reviser's Office reformatted the Washington Clean Air Act Chapter 70.94 RCW to Chapter 70A.15, as directed by 2020 legislation. In this process, the Code Reviser's Office also removed expired sections, which can now be found in the dispositions section.¹¹ Ecology rule writers are currently updating these references in the Washington Administration Code (WAC) as they proceed with rule updates.

Training

Ecology staff provide top-notch training, assistance, and advice on air permits to local clean air agencies, industry partners, fellow Ecology staff, and other impacted groups. We strive to ensure that everyone has the knowledge and tools they need to achieve and maintain compliance with air quality regulations.

In addition to offering this critical support, our staff also benefit from continuous professional development. We host and attend training sessions, workshops, and conferences, which allow us to stay current with the best practices and regulatory updates.

Emissions inventory training

Annually, the emissions inventory group provides training on the Washington Emissions Inventory Reporting System (WEIRS). Attendees typically include industry facility managers, contractors, and state and federal agencies.

Permit writers training

To support Ecology staff, the EPA offers online training courses that include six integrated modules, designed to help staff understand and meet the minimum data requirements when entering and utilizing the Integrated Compliance Information System (ICIS-Air), a federal database used by permit writers and authorized personnel. Additionally, our staff can attend Environmental Compliance History Online (ECHO) data verification training webinars, ensuring accurate data entry into ICIS-AIR. These trainings are readily available for continual learning.

Moreover, EPA Region 10 hosts a Title V workshop every other year, bringing together Tribal members, Air Quality staff, and local clean air agency personnel. These workshops cover a

¹¹ <https://app.leg.wa.gov/RCW/disp.aspx?cite=70.94>

range of topics including EPA policy and oversight, permit writing and content, and compliance and enforcement.

We participate in monthly air permitting meetings organized by the National Association of Clean Air Agencies (NACAA), where air agencies engage in valuable discussions and hear from guest speakers.

The Pacific Northwest International Section (PNWIS), a branch of the Air and Waste Management Association, holds annual conferences that address various air quality topics. These events are a great way to stay informed and network with peers.

At Ecology, we promote and support environmental training courses offered by third-party providers or other regulatory agencies. These courses are aimed at enhancing the general skills and knowledge of our permit writers and inspectors. In fiscal Year 2024, our team attended training provided by organizations such as the Western States Air Resources Council (WESTAR), EPA webinars, and Air Knowledge (through EPA).

Permit writers' meetings

Permit writers carry significant authority and responsibility to issue effective permits that meet state air quality standards by staying updated on regulatory changes. The permitting process must be consistent and federally enforceable. Air Permit Writers Meetings, held quarterly on the third Thursday of the month, serve to exchange information, discuss technical permitting issues, develop work groups, and interpret rules and policies. These meetings average seventy attendees from various organizations, including engineers, permit writers, rule writers, scientists, and compliance staff from different environmental and health departments across multiple states.

Public Outreach

The public participation process provides an opportunity to comment on draft permits or draft environmental reviews, participate in stages of rulemaking, and attend public meetings or hearings.

Ecology invited the public to participate in meetings or provide public comments on the following AOP program activities:

- February 26, 2024: Avista Kettle Falls Generating Station - Draft Permit Renewal.
- February 28, 2024: The Workload Analysis and Budget for Biennium, Fiscal Years 2026 and 2027.
- March 25, 2024: Vaagen Brothers Lumber – Draft Permit Renewal.
- May 14, 2024: SGL Composites – Draft Permit Renewal.
- June 30, 2024: Workload Analysis and Budget for biennial budget for fiscal years 2026 & 2027.
- October 25, 2024: Proposed Complexity Level Air Operating Permit Fees.

This list does not include public comment periods from other air agencies. To view current or past permit register entries, visit Ecology's permit register website.¹²

Oversight and Monitoring

Audits

The AOP program undergoes a fiscal audit every two years and an overview performance audit every three years (WAC 173-401-920(3) & (4)).

The purpose of a fiscal audit is to verify that the AOP account funds are being used as authorized. Ecology and the State Auditor's Office completed a fiscal audit in February 2024 for fiscal years 2022 and 2023. The next fiscal audit will be completed during FY 2026. The reports are published on the State Auditor's Office website¹³

Every three years, Ecology and local clean air agencies conduct an overview performance audit. The last audit was completed in December 2020 and a report was issued in March 2021. Chapter 173-401 WAC requires an audit advisory committee, an audit framework, and options for an intensive performance audit. To view these reports, visit Ecology's website.¹⁴

Periodically, EPA conducts reviews of the Title V program. EPA conducts a Title V program review¹⁵ to look at the timeliness of permit issuance, permit content, and financial accountability. They also conduct a State Review Framework¹⁶ (SRF) to review how our program manages compliance, enforcement, and accuracy of data reporting. Each of these reviews considers if previous findings have been addressed.

¹² <https://ecology.wa.gov/Regulations-Permits/Permits-certifications/Air-Quality-permits/Air-operating-permits/Permit-register>

¹³ <https://sao.wa.gov/reports-data/audit-reports/>

¹⁴ <https://ecology.wa.gov/Regulations-Permits/Permits-certifications/Air-Quality-permits/Air-operating-permits>

¹⁵ <https://www.epa.gov/caa-permitting/permit-program-reviews-epa-region-10>

¹⁶ <https://www.epa.gov/compliance/state-review-framework>