

ADDITIONAL REGULATION NOTICE INFORMATION
(AS 44.62.190(d))

1. Adopting agency: Department of Environmental Conservation
2. General subject of regulation: 18 AAC 50 is being amended to: 1) adopt regulations regarding air quality statewide and in the FNSB PM-2.5 Nonattainment Area; 2) adopt various federally required amendments to the State Air Quality Plan; and 3) add new definitions.
3. Citation of regulation (may be grouped): 18 AAC 50.030, 18 AAC 50.075, 18 AAC 50.076, 18 AAC 50.077, 18 AAC 50.078, 18 AAC 50.079, 18 AAC 50.990
4. Department of Law file number, if any: JU2018200888
5. Reason for the proposed action:
 - (X) Compliance with federal law or action: The proposed regulations are intended to meet the requirements of Section 110 (Title 42 U.S.C. Chapter 85 §7410), Sections 171-179 (Title 42, U.S.C. Chapter 85 §7501-7509), and Section 189 (Title 42 U.S.C. Chapter 85 §7513) of the Clean Air Act and, once adopted, will be submitted to the U.S. Environmental Protection Agency for approval.
 - () Compliance with new or changed state statute
 - () Compliance with federal or state court decision
 - () Development of program standards
 - () Other (identify)
6. Appropriation/Allocation: Air Quality/Non-Point and Mobile Sources
7. Estimated annual cost to comply with the proposed action to: There are both costs and benefits associated with the proposed measures, to the Fairbanks North Star Borough (FNSB) PM2.5 Nonattainment Area, that will stem from this updated State Air Quality Control Plan. Where it is possible the major potential compliance cost impacts are described below in plain language for the public. The Alaska Department of Environmental Conservation (ADEC), Air Quality Division has opted for pursuing the most flexible approach by including multiple Best Available Control Measures to allow for further discussion and evaluation, there is a possibility that some measures may be proven technologically or economically infeasible through the evaluation process. However, through provision of a suite of measures, there is a greater likelihood that the most efficient and effective measures can be pursued thereby lowering the overall regulatory costs to address the PM2.5 issue. It should be noted that there is a real direct cost if the state does not take action. This cost is estimated to be between \$91-\$197 million dollars in sanctioned federal highway funds and costs associated with a Federal Implementation Plan. Should there be concern from private persons about the potential compliance costs of these proposed changes the ADEC encourages the submission of public comments which reference these costs and provide specific cost information. We assure any such comments are evaluated and considered.

A private person: Residents and businesses that use high sulfur diesel #2 for space heating will experience an increase in fuel costs, as they will be required to shift to diesel #1. This increased expense is expected to be approximately \$0.07 per gallon of diesel #2 consumed, this results in an annual increase of \$68.31 per year for a typical household. There are potential one-time costs regarding the removal of heating devices, including removal of non-EPA certified heating devices that are older than 25 years, as well as coal-fired devices, which must be removed by December 31, 2024. The associated costs are estimated to be between \$3,500 and \$7,800 per unit replaced, but can vary dependent on the type of system being removed. It is likely that many residents may be able to be reimbursed for a wood stove change out or the conversion to natural gas heating with grant funding that has been obtained for conversions. Some residents may experience a net cost savings through participating in the change out program, particularly ones with older inefficient heating devices. It is estimated that the lower curtailment thresholds measure will result in 7 to 12 additional Stage 2 or 10 to 12 additional stage one days. The resulting cost to a household that is not eligible for a stage wavier is \$4.90-\$5.65 per day to use heating oil/gas rather than wood or coal on these days. The approximate annual cost of this measure to a typical household is \$34.30 to \$67.80 per year. There is a potential for additional compliance costs for wood selling and coffee roaster businesses, as they will be required to follow specific practices, which may involve purchasing new capital and or applying more time intensive production practices. These costs will vary business to business dependent on the size of the business and current production practices.

Another state agency: No identified additional compliance costs to other state agencies. State agencies could have increased costs due to switching to Diesel #1 fuel from Diesel #2 fuel for diesel-fires space heating.

A municipality: The proposed Best Available Control Measures relating to device removal identified above will likely result in an increase in the number of applications and the participation rate of local residents in the wood stove change out program, the Air Quality Improvement Program (AQIP), which is operated by the FNSB. Municipal government agencies could have increased costs due to switching to Diesel #1 fuel from Diesel #2 fuel for diesel-fires space heating.

8. Cost of implementation to the state agency and available funding (in thousands of dollars):

	Initial Year FY20	Subsequent Years
Operating Cost	\$0	\$0
Capital Cost	\$0	\$0
1002 Federal receipts	\$0	\$0

1003 General fund match	\$0	\$0
1004 General fund	\$0	\$0
1005 General fund/ program	\$0	\$0
Other (identify)	\$0	\$0

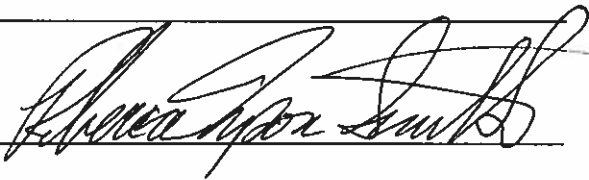
9. The name of the contact person for the regulation:

Name: Cindy Heil
 Title: Program Manager
 Address: 555 Cordova St.
 Anchorage, AK 99501
 Telephone: 907-269-7579
 E-mail address: cindy.heil@alaska.gov

10. The origin of the proposed action:

☒ Staff of state agency
☐ Federal government
☐ General public
☐ Petition for regulation change
☐ Other (identify): _____

11. Date: May 10, 2019

Prepared by: 

Name: Rebecca Tyson Smith
 Title: Environmental Program Specialist
 Telephone: 907-465-5121