

Air Permit Streamlining: A Redesign for Success



Wisconsin Department of Natural Resources

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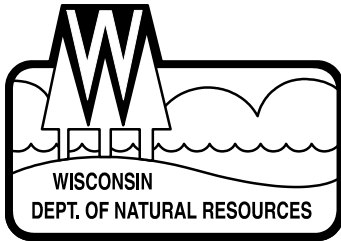
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December 12, 2006

The Department of Natural Resource's Air and Waste program has undergone significant streamlining, and as a result, Wisconsin citizens have cleaner air to breathe and Wisconsin businesses can more easily locate, expand and create jobs.

In just two years, we were able to eliminate the backlog of 342 federally required Operation Permits and made progress on developing a new set of rules to streamline the air management program in Wisconsin.

As a result of these changes, 95% of minor sources and 91% of facilities needing federally enforceable permits will be eligible to get general and registration permits or exemptions in 15 days or less. In the past, 85% of the same businesses would have had to go through the full permitting process. And we didn't stop there, of businesses needing traditional permits, we've cut the processing time to an average of 71 days, well below the 180-240 days specified in statute. We've also created an air permit tracking system, developed a dispute resolution process to avoid having to involve legal counsel or elected officials in permitting disagreements, and are placing a greater emphasis on public education to help applicants and interested citizens fully understand the permitting process.

As an agency, we are pleased with what we've been able to accomplish. These are accomplishments that we can – and will – build on.

Plans are underway to consolidate permit and compliance policy and technical guidance into a single system that is posted on the internet and can be easily searched. Inconsistencies in permit compliance demonstration requirements are being evaluated and once the evaluation is completed, will be fully addressed.

This report contains details on all of those accomplishments, initiatives, and more. Most importantly, though, the report as a whole shows that here, at the DNR, we've implemented real and meaningful regulatory reform without threatening our natural resources or relaxing our standards on public health. And in doing so, we've partnered with the business community – clearing the way for companies to grow, expand, and create jobs, right here in Wisconsin.

Sincerely,

Scott Hassett
Secretary

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Executive Summary

Good air quality is important to our health. How air pollution affects our health depends on the particular pollutant, its concentration in the air, the length of time our lungs are exposed to it, and our own health conditions. Air pollutants can also indirectly affect our health when air pollutants deposited in lakes or rivers affect the quality of the water we drink or when pollutants deposited on land or water enter the food chain and bioaccumulate in food we eat.

Air permits limit the amount of air pollution a facility is allowed to emit so the air that Wisconsin citizens breathe stays clean and healthy.

In 2003, the Wisconsin Department of Natural Resources (the department) launched an initiative to streamline the state's air pollution permit process. The department's primary goals were to make applying for and issuing air permits more efficient and responsive to the economic development needs of the state while maintaining protection of public health and the environment. The emphasis was on process improvements to reduce permitting transaction costs and to increase efficiency.

Based on customer feedback and customer needs, the department created or expanded the following air permitting tools:

- Permit exemptions
- Registration construction permits and registration operation permits
- General construction permits and general operation permits
- Permit waivers to allow construction to commence
- Integrated construction and operation permits

As a result of these changes, 95% of all minor emission sources and 91% of all facilities needing a federally enforceable operation permit will be eligible for a streamlined permit tool: a permit exemption, a registration or a general permit. These 1500 plus businesses will be able to construct and operate either immediately or within 15 days of submitting their permit application, pay substantially lower fees and have tremendous flexibility to manage their operations and respond to changing market conditions, without triggering the need for new or revised permits. Prior to the department's streamlining efforts, 85% of these facilities needed to get traditional operation and construction permits.

Facilities with higher emissions will be able to start small projects immediately or within 15 days. Furthermore, the integration of construction and operation permits will reduce work and possible confusion for businesses and will create a more seamless system that is internally consistent.

Developing new information technology tools and better use of existing tools offer more opportunities for permit process streamlining, increased staff and customer efficiency, and information sharing. As described in this report, the department has made huge strides in the use of technology to streamline operations and to meet customer needs. The web-based registration permit application system allows the applicant to apply for registration permits over the Internet using an easy-to-understand question and answer form and sends automatic e-mails to inform the applicant about the status of a permit application. The department has developed a web-based application to be used by companies for their annual air and hazardous waste reporting. This eliminates the need for companies to download and install 3rd party software on their computer, which was becoming increasingly time consuming due to infrastructure differences and network security issues.

The department is planning to create systems for companies to submit their compliance information electronically, which will reduce costs and ensure that up-to-date and accurate information is available. The permit system will also be automated, which will save time and effort for companies, ensure that permit conditions are consistently applied across the state, speed up the permit review process and keep the applicant informed about the status of the permit review.,

Significant accomplishments in emission monitoring and compliance demonstration requirements have also been made.

Valuable feedback, collaboration and innovative ideas from our stakeholders fueled the improvement initiative and will stimulate future regulatory improvement. This report contains numerous recommendations for regulatory improvement and regulatory relief. The department intends to work closely with our stakeholders to continuously improve air quality permitting and the Air Management program.

Permit Streamlining – Project Overview

In Wisconsin, air pollution is the largest direct source of public health problems related to environmental quality. Federal and state laws require that all air pollution sources in Wisconsin have an air pollution control permit, unless the department determines the source is exempt. Air permits limit the amount of air pollution a facility is allowed to emit so the air that Wisconsin citizens breathe stays clean and healthy. Permits identify the regulatory requirements that facilities must meet and help facilities show compliance with those requirements.

In 2003, the Wisconsin Department of Natural Resources (the department) launched an initiative to streamline the state's air pollution permit process. The department's primary goals for permit streamlining were to make the air permitting process more efficient and more responsive to the economic development needs of the state while maintaining protection of public health and the environment. The emphasis was on process improvement to reduce permitting transaction costs and to increase efficiency.

A. Stakeholder Involvement

The department conducted several focus group sessions with regulated facilities, environmental groups, and local economic development specialists. In addition, the department interviewed other state and local air permitting programs to learn how they operate. The focus groups and interviews provided excellent perspectives on customer needs and recommendations for improvements covering all areas of the department's air permitting program. In summary, the groups recommended that the department simplify the permit application process, clarify compliance requirements, and consolidate individual permits and their requirements.

The results of stakeholder involvement sessions guided the department in establishing goals for permit improvement. In addition, the department used the results to develop surveys for a broad range of permit holders to determine how they perceive the permit program. The survey results will allow the department to measure the positive effects of streamlining in future customer surveys.

B. Creating a Vision

Based on the suggestions and ideas identified at the focus group sessions, the department developed a vision for how the air permit system should operate in the future. The vision describes a desired state:

- The department is a partner with business and understands how to meet their needs.
- The public is confident of their abilities to supply meaningful input during the permit process.

- The permit process is consistent and the department is accountable for its actions.
- Applicants know when a permit is required, are aware of the status of their application at each step in the process, and receive prompt responses to their inquiries.
- Permit compliance demonstration requirements are consistent statewide for groups of similar industries.
- There is a clear and common understanding between department compliance staff and external stakeholders on what must be done to demonstrate compliance with permit requirements.
- The department uses a data driven approach to manage its air permit responsibilities.

C. Organization of this Report

This report is organized into four sections that correspond to the areas for improvement identified through stakeholder involvement:

- Permit Tools and Processes
- Information Technology
- Emission Monitoring and Compliance Demonstration
- Other Process Improvements

Each of the four sections describes goals, accomplishments, activities underway, and recommendations for the future.

Permit Tools and Processes

The first area identified for improvement was permit tools and processes.

A. Goals

Under this initiative, the department has focused on improving the regulatory system to lower the transaction costs for business while achieving equal or better air quality for Wisconsin citizens. The key objectives of the permit streamlining effort include:

- Timely issuance of permits
- Increased certainty and consistency in permit requirements
- Easier application processes
- Permits that are easier to understand
- More flexibility to make changes under the permit, and
- Better integration between construction and operation permits.

The department has more flexibility in the design of the regulatory system for lower emitting sources than for “major” sources because major sources must obtain Title V federal operation permits. Given this greater flexibility, the department has essentially redesigned the process for smaller sources by creating new permit tools that dramatically reduce the time and cost to businesses of complying with both construction and operation permit requirements. These tools do not change any environmental standards or the obligation to comply with those standards.

The department has less ability to affect the process design for major source permits. While it has created some new types of permits that major sources can use for small projects, most of the streamlining opportunities lie in improving the efficiency of the permit application, improving review and issuance processes, and providing greater and easier access to information.

B. Accomplishments

The department created and expanded the following air permitting tools:

○ Permit exemptions

A “permit exemption” is a tool that allows facilities or projects to be exempt from the air permit process if they meet defined criteria. The department has developed rules to add a new type of exemption that would apply to all facilities and to individual projects at facilities with very low actual emissions. The rules were adopted by the Natural Resources Board and, as of this writing, are under legislative review.

- **Registration construction and registration operation permits**

A “registration permit” is a simplified permitting approach for low-emitting sources. This approach includes a generic application that allows qualifying sources to receive the same type of permit. The permit does not contain source-specific or industry-specific conditions. These permits result in time and cost savings to businesses. They are granted within 15 days of application and allow the permittee to respond rapidly to changing business opportunities without needing to obtain a construction permit, with its attendant costs and time delays, as long as all registration permit conditions continue to be met.

- **General construction and general operation permits**

A “general permit” is a permitting process for groups of similar sources that have the same regulatory requirements. The application is tailored specifically to the source category to be covered by the permit. Source categories include rock crushers, printing presses and heating units. Like the registration permits, these permits are granted within 15 days and allow for changes without a construction permit.

- **Commence construction permit waivers**

A construction permit “waiver” allows a facility to begin construction prior to receiving a construction permit. The department must still grant a permit to the facility before operation can begin. The department has proposed permit waiver rules that will be presented to the Natural Resources Board for adoption in October 2006.

- **Integrated construction and operation permit process**

An “integrated” permit process combines the review and issuance of construction and operation permits. Although state statutes require both a construction and an operation permit, this process results in an operation permit that contains pre- and post-construction requirements and the transition process between these two. This eliminates any conflicting regulatory obligations that may arise as a facility grows over time.

The following section first describes accomplishments and new permit tools for smaller air emission sources, and then for larger or “major” air emission sources.

Chart 1 provides some context for this discussion. The Clean Air Act requires facilities to obtain a federal Title V operation permit if they have the potential to emit over 100 tons/year of any criteria pollutant or over 10 ton/year of an individual hazardous

pollutant or 25 tons/year of combined hazardous pollutants. These facilities are called “major” sources.

Facilities may elect to limit their emissions to below major source threshold levels in order to stay out of the Title V program. This elected emission limit must be federally enforceable, which is usually accomplished through issuing a “federally enforceable state operation permit”. These facilities are called “FESOP” sources. Facilities can limit their emissions through control equipment, pollution prevention or operational measures, such as electing to operate no more than 2 shifts a day, rather than 3 shifts.

Facilities that physically cannot emit over 100 tons/year are called “minor” sources. Unless exempt, these facilities need a state operation permit.

Chart 1: Air Emission Sources

Source Category	# of Facilities	Potential to emit	Permit Requirement
Major Source	535	> 100 tons/year	Federal Title V permit
FESOP	985	> 100 tons/year but elect to limit emissions to < 100 tons/year	Federally Enforceable State Operation Permit; facility would need federal Title V permit except that it elects to cap its emissions below 100 tons/year
Minor Source	695	< 100 tons/year	State Operation Permit
TOTAL	2,215		

1. New permit tools for FESOP and minor air emission sources

The new permit tools for smaller sources include exemptions from permitting for very small emission sources, registration permits for small emission sources, and enhancements to general permits for sources within a particular industry.

As shown in Chart 2, significant differences exist between the new permit tools and traditional permits. Under the traditional permit program, each permit is written for a specific facility. The permit lists the emission limitations and monitoring, record keeping and reporting requirements for each pollutant and each emission unit. In contrast, the new permit tools standardize the permit conditions for a category of sources.

Chart 2: Key Design Features of Operation Permit Tools for Small Sources

	Permit Exemption	Registration Permit	General Permit	Traditional Permit
Emission limits	< 10 ton per year of actual emissions	< 25 ton per year of actual emissions	Available to any source within a particular industry covered by the general permit	Available to any source
Applicable requirements in permit	N/A	Does not contain requirements that are specific to the facility or a source category	Yes, standardized requirements for the source category	Yes, individualized requirements for each source
Time to issue or grant coverage (statutory)	N/A	15 days	15 days	180 days
Annual fees	\$300 if emissions > 3 tons per year	\$1,100 first year; then \$35.71 per ton	\$2,300 first year if the entire facility is under a general permit, then \$35.71 per ton	\$35.71/ton
Requirement to obtain a construction permit prior to making changes	None, as long as all permit exemption conditions are met	None, as long as all permit conditions continue to be met	None, as long as all permit conditions continue to be met	Need to get construction permit before making changes
Fees for making changes at facility	None	None	None	\$5,000 average fee for construction permit
Time to issue construction permit (statutory)	N/A	N/A	N/A	180 days, 71 days average
Term of permit	Permanent	Permanent	Permanent	5 years, then must apply for renewal

NOTE: The rules creating the new permit exemption tool described in this chart are currently under legislative review.

Facilities whose actual emissions are less than 10 tons per year of each criteria pollutant will see the most dramatic savings from the new permit tools. These facilities will be eligible for the permit exemption, allowing them to construct and operate without a permit while complying with all air quality standards. Over 1,000 minor and FESOP source facilities would be eligible for the permit exemption, based on their reported annual emissions. Exempt facilities with annual emissions over 3 tons/year would need to claim the exemption and pay an annual \$300 fee [NOTE: The rule creating this permit exemption has been adopted by the Natural Resources Board and has been submitted to the legislature for review.]

For non-exempt facilities, the registration and general permit tools allow the applicant to know what the permit conditions will be and that they will receive their permit within 15 days of application. In addition, these permits allow a business to respond rapidly to changing business opportunities without needing to obtain a construction permit, with its attendant costs and time delays. Once covered under one of these permits, a facility may make changes without triggering the need for a construction permit or a permit revision as long as the facility continues to meet the permit conditions. As a result, everyone involved saves time and resources, the business can operate with considerable flexibility, and air quality protection continues.

To illustrate the potential savings that could accrue to a business, consider a FESOP facility with actual emissions of 20 tons per year and straightforward operations. Under the pre-Act 118 permit system, the facility needed to get a traditional operation permit, renew the permit after 5 years and get a construction permit if changes were made at the facility. Today, the facility is eligible for a registration operation permit, which does not expire and which allows the facility to make changes without a construction permit. The following example compares the in-house and air program fee costs under the two permitting approaches for a typical small facility. Chart 4 shows the cumulative costs for each example. In this example, total cost savings under the new permit system are \$3,615 in air program fees and \$13,800 in in-house preparation costs over a 10-year period.

Chart 3: Comparing “Before and After” Fees and Costs

Before: Example Facility Costs under a Traditional Permit

Air Program Fees

- **Emission fees:** 20 tons @ \$35.71/ton = \$715/year for 10 years
- **Construction Permit Fees:** 1 permit @ \$4,000 = \$4,000
- **Total air fees over 10 year period:** \$11,150

In-House Preparation Costs

- **Operation permit application:** 100 hours @ \$75/hour = \$7,500
- **Operation permit renewal:** 50 hours @ \$75/hour = \$3,750
- **Construction permit application:** 40 hours @ \$75/hour = \$3,000
- **Emission inventory preparation:** 4 hours \$75/hour = \$300/year
- **Total in-house preparation costs over 10 year period:** \$17,250

After: Example Facility Costs under a Registration Permit

Air Program Fees

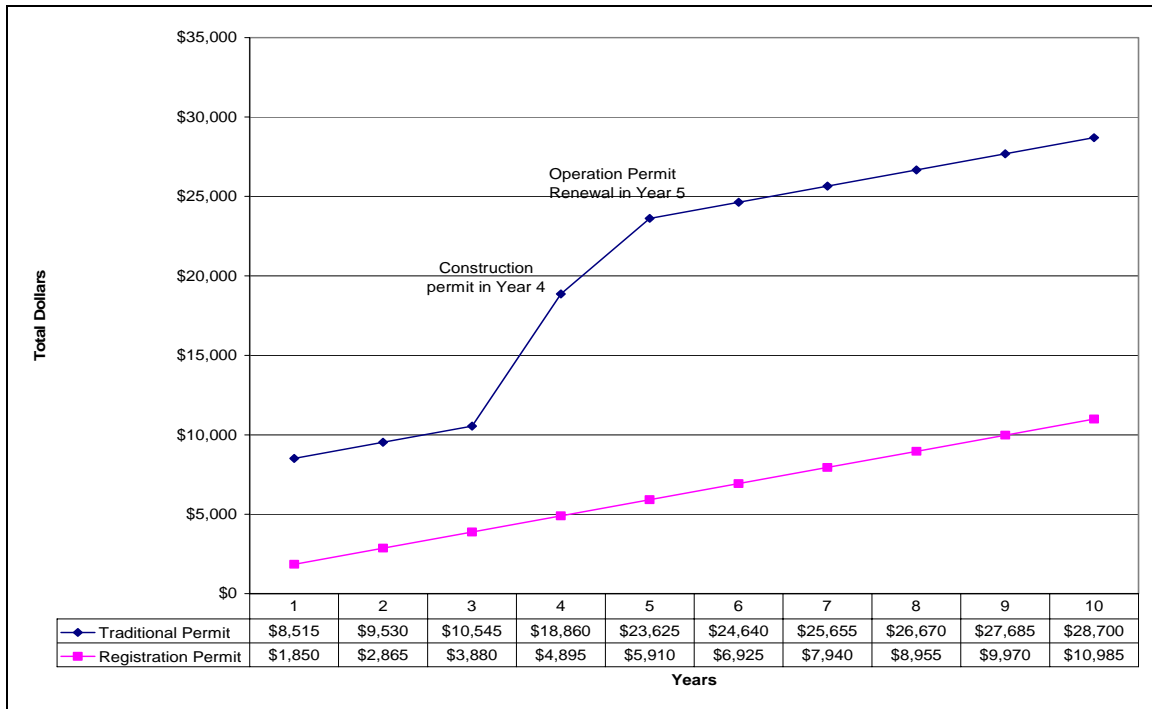
- **First Year Permit Fee:** \$1,100
- **Emission fees:** 20 tons @ \$35.71/ton = \$715/year for 9 years
- **No Construction Permits**
- **Total air fees over 10 year period:** \$7,535

In-House Preparation Costs

- **Operation permit application:** 10 hours @ \$75/hour = \$750
- **No operation permit renewals**
- **No Construction permit applications**
- **Emission inventory preparation:** 4 hours \$75/hour = \$300/year for 9 years
- **Total in-house preparation costs over 10 year period:** \$3,450

Here is another summary of the reduction in fees and costs:

Chart 4: Cost comparison between traditional and registration operation permits (air fees and in-house preparation costs)



As a result of redesigning the permit program for smaller emission sources, all but 8% of minor and FESOP sources will be eligible for one of these new or enhanced operation permit tools. This is a dramatic shift. Previously, 85% of these facilities needed a traditional permit. (Compare Figures 1 and 2.)

Figure 1: Current Operation Permit Program for minor sources and FESOPS

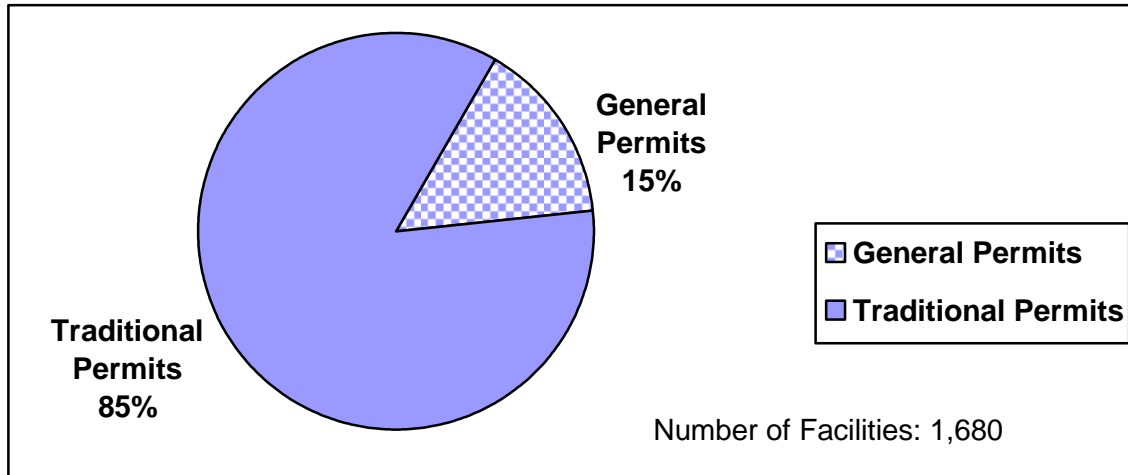
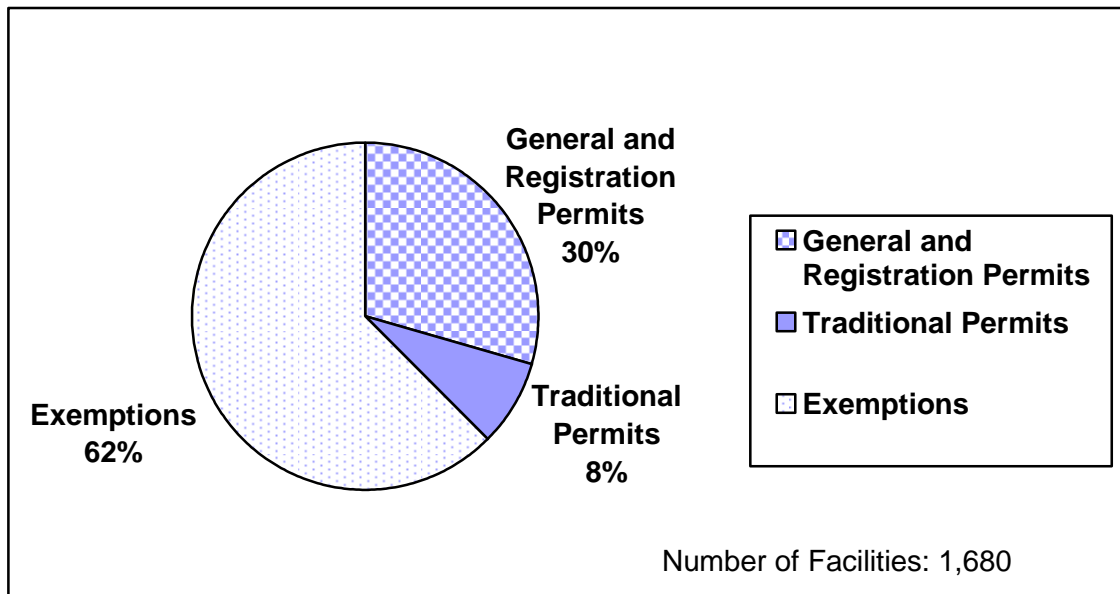


Figure 2: Proposed Operation Permit Program for minor sources and FESOPS



As shown in Chart 5, 657 of the 695 minor sources, or 95% of all minor sources, will be able to construct and operate with either a permit exemption or a registration permit. Furthermore, 454 FESOP sources (46% of all FESOPs) will be eligible for the permit exemption; and an additional 43% will be eligible for a registration or general permit.

These 1500 plus businesses will now be able to construct and operate either immediately or within 15 days of a permit application, pay substantially lower air fees, save on in-house administrative costs and have tremendous flexibility to manage their

operations and respond to changing market conditions without going through a permitting process.

**Chart 5: Proposed air permit regulatory scheme for minor and FESOP sources
(Eligibility based on actual annual emissions)**

ACTUAL ANNUAL EMISSIONS	PERMIT REQUIREMENT	# Eligible Minor Sources	# Eligible FESOPs	Total # of Sources
Very low emissions (< 10 tpy)	Exempt from all permitting	591	454	1,045
Low emissions (between 10 and 25 tpy)	Registration Operation Permit	66	167	233
Medium emissions (between 25 and 99 tpy)	Traditional Permit	38	103	141
Low to medium emissions in an industry with a general permit	General Permit		261	261
TOTAL		695	985	1,680

2. New permit tools for large air emission sources

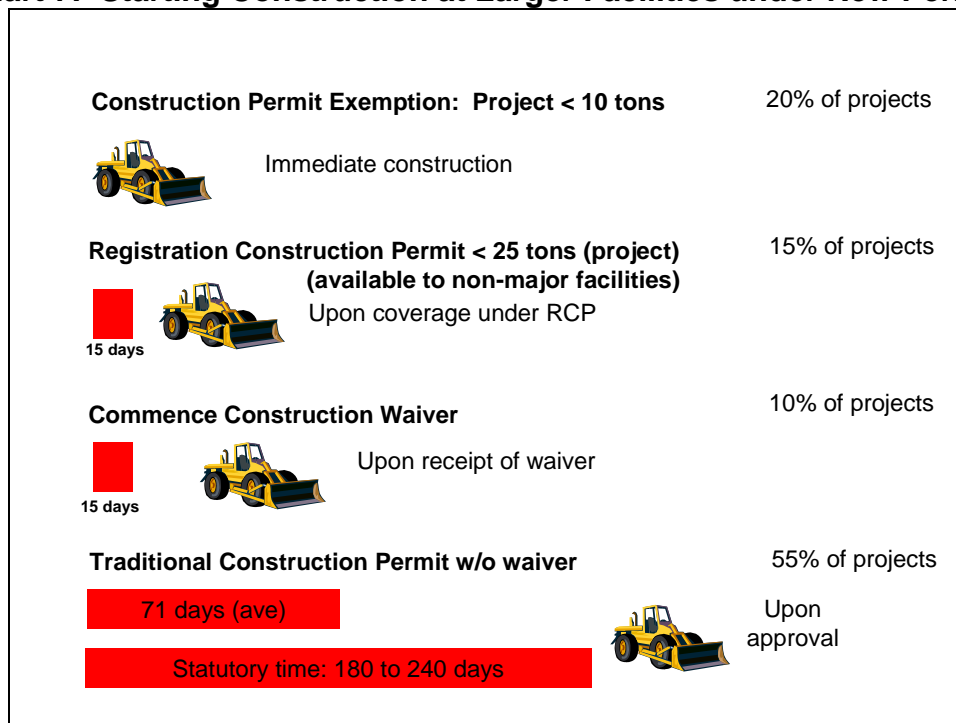
The department is creating the same set of permit tools (exemptions and registration and general permits) for certain construction projects at higher emitting facilities, including major sources. The permit tools will allow a facility to start construction of a new emissions unit or to modify an existing unit immediately with an exemption, within 15 days of applying for a registration or general construction permit, or by requesting a waiver to commence construction prior to permitting. The tools are available for projects that will have very low or low emissions, are within a specific industrial source category (such as lithographic printing press), or would face undue hardship if construction were delayed.

Chart 6: Key Design Features of Construction Permit Tools

	Construction Permit Exemption	Registration Construction Permit	General Construction Permit	Construction Permit Waiver	Traditional Construction Permit
Construction project emission threshold (project)	10 tons per year	25 tons per year for the project; not available to major source facilities	No emission limit, but meet source category criteria	No emission limit, but meet undue hardship criteria	No limit
Time to issue or grant coverage (statutory)	N/A	15 days	15 days	15 days	180-240 days depending on type of source; Average time: 71 days
Fees	\$800	None	None	\$300 plus construction permit fee	\$8,000 on average

The following illustrates how these new permitting tools impact the ability of a larger facility to start construction.

Chart 7: Starting Construction at Larger Facilities under New Permit Tools



Integrating construction and operation permits

By integrating the construction and operation permit process, all the requirements for a facility will be consolidated in a single facility-wide operation permit that is as up-to-date as possible and that provides for as seamless a transition between pre- and post-construction activities, as legally possible.

Under the traditional permitting system, the department issued a construction permit for a new or modified emission unit and, upon completion of the construction project, issued an initial or revised operation permit to include the new or modified unit. This two-step process sometimes resulted in conflicting conditions in construction and operation permits, resulting in compliance difficulties for the facility. Furthermore, the lag time between the two steps (18 months or longer) created work inefficiencies, with a lot of “start over” work for both the facility and the department. By integrating the two permitting processes, both permit applications are processed together and the permits are issued at the same time or as close together in time as legally possible. In addition, the revised operation permit contains the pre-construction and post-construction conditions and clearly communicates when and how the transition between the old permit conditions and the new permit conditions occurs, making for a seamless transition.

C. Activities Underway

The department is continuing to work to develop and enhance permit tools and procedures.

1. Piloting two performance-based regulatory approaches

- Environmental Results Program and
- Environmental Management System-based Permits

These two innovative approaches to permitting change the way in which permits are written and enforced from the traditional “command and control” approach to a performance-based approach. Both are multi-media programs.

The Environmental Results Program (ERP) focuses on small business and addresses one of the biggest difficulties for small business, namely knowing and understanding what the environmental requirements are and how to comply with them. The ERP emphasizes compliance assistance with plain language workbooks and workshops. It includes facility self-certification, followed by inspections and a rigorous statistically-based program evaluation.

The objective of the Environmental Management System-based (EMS) permits is to provide businesses with the opportunity to set environmental goals, objectives and targets and institute in-house systems to monitor their performance and make immediate adjustments to attain their objectives. This performance-based approach should result in better environmental performance at less cost to the company.

The department has been collaborating with the printing industry and the Department of Commerce in piloting these programs. The department was awarded a 3-year \$200,000 grant from EPA for this work, which will conclude in two years.

2. Continuing evaluation of traditional permit policies and procedures

The initial air permit streamlining efforts focused on meeting the explicit 2003 Wisconsin Act 118 directives for the development of new or expanded permit tools. As a result, the department postponed several policy-related streamlining initiatives, but will resolve them over the next two years. The initiatives include:

- Review air quality demonstration procedures and requirements.
- Examine opportunities to streamline case-by-case determinations.
- Re-evaluate the need for and desirability of emission cap permits for minor and FESOP sources in light of the newly developed permit tools.
- Evaluate the effectiveness of the integrated permitting process. This evaluation will involve both external and internal stakeholders. Based on the findings, the department will determine whether administrative or statutory solutions are needed.

D. Recommendations for Future Action

DNR Air Management program staff identified a number of regulatory barriers to innovative and effective air permit streamlining. The recommendations described below are designed to remove those barriers.

1. Statutory Changes

Air Management staff recommend that the department work with the Legislature on the following changes:

- Provide that non-Part 70 permits (operation permits for minor sources and FESOP sources) would not expire. Registration and general operation permits already have this provision. With the integrated permit process, the department will be revising traditional operation permits as changes are made at the facility and the permit will therefore be current. There would be little added value in renewing them.

- Allow the EPA 45-day review period to run concurrently with the state's 30-day public review period, rather than to follow it, speeding up the integration process.
- Allow electronic distribution of the public notice for permits and allow electronic signatures on permit applications, compliance certifications and other documents.
- Provide statutory authority for smaller facilities to participate in an environmental results program.
- Provide the department with the option of including compliance demonstration requirements associated with a construction permit as an operation permit condition in order to make the integrated permitting process more efficient.

2. Administrative rule changes

Air Management staff recommend that the department pursue the following changes to existing administrative rules:

- Review the rule definition of "commence construction" and amend if appropriate to allow some activity to occur at a site prior to obtaining a construction permit.
- Review the TSP (total suspended particulate matter) standard and consider its deletion.

Information Technology

One of the greatest opportunities for permit process streamlining, increased staff and customer efficiency, and information sharing lies in enhanced information technology tools.

Communicating and using complex technical information accurately is crucial to getting an air permit approved in a timely manner. Customer surveys and focus groups have pointed out that improvements in this area would be very beneficial.

Historically, permit related information has been submitted on paper forms with follow up occurring on a one-on-one basis with an assigned air permit engineer during the review process. Advancements in computer technology, software, and the Internet now create the opportunity to do much of this work in a more efficient and effective manner.

A. Goals

The department established the following goals based on customer input:

- Create a supportable, adaptable, up-to-date information management system and a Web-based transaction system that better support the needs of the agency and public.
- Improve efficiency, increase productivity, improve data quality, and reduce cost for internal and external users.
- Provide greater and easier access to information.
- Use information technology to help achieve streamlining goals for permitting, emission monitoring and compliance, and operational efficiencies.

B. Accomplishments

Through a substantial investment of financial resources and staff time, major progress has been accomplished.

1. Automated system for registration permits

The department has automated much of the work associated with applying for and issuing registration permits. A new Web-based online system allows an applicant to apply for registration operation and construction permits over the Internet and the department to manage the majority of the processing work electronically. Notable features include an easy-to-understand question and answer format and automatic emails that inform the applicant and department staff about the status of a permit application. The department tested the new system with customers and received very positive feedback.

2. Real-time permit tracking on the Internet

Customers indicated that they needed better ways of tracking the status of their permit applications. The department now provides the public with detailed information about permit status through the Internet. Interested parties may search online and get up-to date information about single or multiple permits. Previously, this information was only available to department staff.

3. Construction permit invoicing

The department now uses an enhanced electronic program for invoicing construction permits. The program ensures that charges and payments are accurately recorded and tracked. Features include direct deposit of customer invoice payments to a secure lock box, automatic recording of payments, tracking of late payment information, and system notification for outstanding account receivables at day 30, 60 and 90. The system will result in timelier follow-up to outstanding invoices and a better separation of payment handling duties and responsibilities.

4. Data consolidation and integration

Permit applicants, the public and the Legislative Audit Bureau have all expressed concerns about the potential for inconsistency and errors inherent with distributing complex data throughout the department. In addition, customers and staff are frustrated with the need to keep the ever increasing amount of data up to date and accurate in multiple databases.

The department has designed and built an information system that gives customers a single point of entry to the department's secure Web-based services and houses information about their facility in a single location. This system also allows customers to edit and update information about their facility and staff.

While initially only the new air permitting processes will take full advantage of the new system, it has been designed to expand and accommodate the other environmental programs over time.

C. Activities Underway

Major areas of development underway will change how the department interacts with their customers and processes information. Areas include Internet education materials; software to help process, issue and manage all permits, and Web-based annual reporting. Information developments will:

- Bring together related information to make it more powerful.
- Improve and simplify information access and reporting.
- Impose information quality requirements.
- Reduce errors due to incomplete or inaccurate data.
- Reduce processing time through increased electronic transactions.

1. Air Program Guidance

A Guidance Module will help staff and the public find policy, procedural and technical guidance related to Air Management using their web browser. The module consists of three major parts. A database populated with air program guidance and an easy to use search engine. It also includes a management system that will help the program ensure guidance is up-to-date and routinely reviewed.

2. Web-based annual reporting

A Web based software application will replace the previous desktop application used by companies for annual air and hazardous reporting, eliminating the need for companies to download and install 3rd party software on their computers. The previous method was becoming more time consuming for companies and department staff to implement due to infrastructure differences and network security issues. The new web-based application can work directly with the new integrated database for stationary source data in 2008 thereby linking this annual reported emissions data with permit and compliance information.

3. Data consolidation and integration

The department continues to consolidate information used to manage air permitting, compliance and emissions inventory, and billing. Consolidation will significantly reduce the size and complexity information system (see table below), and will increase data consistency and lower the cost of maintaining the system.

Chart 8: Reduction in Data System

Database	Permit	Compliance	Emissions	Total	Consolidated System (including future enhancements)	Amount of Change	Percent Change
Tables	86	65	178	329	219	-110	-33%
Columns	855	794	2564	4,213	2574	-1639	-39%
Indexes	15	93	176	284	219	-65	-23%

This work is the foundation for building the web based permitting and reporting applications and is the fundamental piece of the overall information technology system for stationary sources.

4. Compliance reporting

Compliance requirements in permits often require regulated companies to submit information on an on-going basis. Creating Web-based applications allowing companies to submit information over the Internet will reduce the cost of carrying out these requirements. In addition, receiving the information electronically will better ensure that up-to-date and accurate information is available to both the permit holder and permit writer during the permit renewal process.

5. Permit automation

The department is planning new software applications to take advantage of integrated database and electronic submittals to implement existing and new tools to apply for, issue and manage air permits. Customers will be able to complete and submit air permit applications on a secure Web page. Applicants will not have to routinely re-submit information stored in databases. They will also be able to review data related to their facility during the permitting process.

Permit writers will be able to accept, analyze and store information in the software application reducing the amount of time to prepare the permit. They will also be able to access information from previous permits for similar sources to ensure that standards and requirements are consistently applied across the state.

Automatically generated email will improve communication with applicants. Communications will be closely integrated with the new Web-based permit tracking system. Updates will be “event” driven and will happen automatically as the permit writer completes the different tasks associated with the permit review process.

D. Recommendations for Future Action

The department recommends:

- Continuing with the current development plan for the information systems. The current plan estimates that building the information technology components to support the new air program business practices will take three years, scheduled to be completed by June 2008.
- Budget approval for the third year of the development, or through June 2008, to complete and support the new information technology systems. Current funding is for the first two years of the process, or June 2007. The continued funding for this initiative is in the department’s 2007 – 2009 Biennial Budget request.

Emission Monitoring and Compliance Demonstration

Under state and federal law, air permits require facilities to monitor emissions or track other information to demonstrate compliance with the permit requirements. This section describes the streamlining goals, accomplishments, activities underway and recommendations related to emission monitoring and compliance demonstration.

A. Goals

As a result of stakeholder input, the department established several goals related to emission monitoring and compliance demonstration:

1. Provide access to compliance and enforcement guidance for both internal staff and external stakeholders.
2. Develop consistent compliance certification forms and instructions.
3. Where possible, focus permit limitations on emissions rather than on control equipment operational parameters.
4. Incorporate a peer review process for draft permits to assure the appropriateness of permit compliance demonstration requirements.
5. Update American Society for Testing Materials (ASTM) test methods and other requirements in Chapter NR 439, Wisconsin Administrative Code.

B. Accomplishments

The department accomplished the following:

1. Developed guidance for calculating rolling averages

Many federal regulations (and corresponding state rules) require calculation of rolling averages to demonstrate compliance for emissions of various pollutants. The technical aspects of these calculations (whether or not to include periods of process shut down in the calculations, how to account for periods of monitoring equipment calibration, etc.) vary according to the underlying regulation. Stakeholders requested clarification and guidance so that these questions did not have to be investigated on a case-by-case basis.

In 2005, the department developed guidance that catalogued the underlying regulations, and identified how the requirements need to be expressed in permits to fit those regulations. This clarification will lead to more consistency in permit requirements, as well as a common understanding of the requirements on the part of both internal compliance staff and regulated sources.

2. Developed a standard compliance certification form and instructions

The EPA requires operation permits for major sources (as defined under the Clean Air Act) to include all requirements applicable to a given source. Some of these requirements (frequently referred to as “Part 2” requirements) are rather general in nature, and some apply to activities that may occur infrequently at a source. Stakeholders indicated that it was not clear how to certify compliance with these Part 2 requirements.

In response, the department created a standard compliance certification form. The form is available as a template, but is not required. The department prepared instructions on how to certify compliance with Part 2 type requirements. Both the form and the instructions are now available on the department’s Internet site.

3. Implemented integrated permit compliance

In August 2006, the department began implementing a new integrated permit process to coordinate construction permit and operation permit requirements. (See the discussion under “integrating construction and operation permits” in Section B.3. of the “Permit Tools and Processes” section of this report.) With respect to emission monitoring and compliance demonstration, the integrated permit process includes the following:

- A method for incorporating construction permit compliance demonstration requirements into operation permits in a timely manner, and quickly correcting instances of conflicting requirements between multiple permits.
- A peer review step by compliance staff as part of the permit issuance process. This will improve consistency in compliance demonstration requirements, and assure appropriate test methods are specified in permits.

C. Activities Underway

The following activities are presently underway to accomplish our permit streamlining goals related to emission monitoring and compliance demonstration:

1. Consolidating air management guidance

Existing department permit and compliance guidance resides in several locations. The department is consolidating the guidance into a single system with search capabilities and accessible to internal permit and compliance staff as well as external stakeholders.

2. Investigating alternatives to control equipment parametric monitoring

Air permits have occasionally required monitoring of control equipment operational parameters (e.g., pressure drop across a particulate matter control device) as a means for demonstrating compliance. This monitoring is relatively inexpensive, compared with actual emission monitoring. However, values that fall outside a permitted range are not always a clear indication of emission violations, although such values are technically permit violations. A workgroup is developing guidance to trigger emission testing rather than permit violations when this occurs.

D. Recommendations for Future Action

Air Management staff recommend the following:

1. Evaluate consistency of permit compliance demonstration

Stakeholders have expressed concern over potential inconsistency in permit compliance demonstration requirements, both across DNR regions within Wisconsin, and also compared to other surrounding state requirements. This is a very difficult area to assess, since regulations change over time, and different sources within a given industrial category may request different compliance demonstration methods for their permits.

In May 2006, the department began evaluating permitted compliance demonstration requirements for a small group of permits. Once the analysis is complete, the department intends to take action to correct any systemic inconsistencies found, and direct further investigation into other permit categories as necessary.

2. Update ASTM Test methods and other requirements in NR 439

Although stakeholder recommended a rule update to reflect new ASTM test methods, the requirements in Chapter NR 439, Wisconsin Administrative Code, largely parallel existing federal regulations. Unless the federal regulations are updated, changing NR 439 to contain revised ASTM test procedures would result in conflicting state and federal requirements. The department should monitor changes to federal regulations and update NR 439 when needed to assure consistency between federal and state requirements.

Other Process Improvements

The department has also made other air permit improvements.

A. Goals

In addition to the improvements previously described in this report, several other miscellaneous air permit improvements have been made. Based upon stakeholder input, the department set out to:

- Develop a permit conflict resolution process.
- Improve public involvement and understanding of the permit process.
- Provide clear, understandable and comprehensive guidelines, interpersonal help and Internet resources.
- Improve access to information and early entry into the process to enhance public participation.

B. Accomplishments

The department accomplished the following:

1. Created an air permit tracking system

The online system allows users to view the status of permit applications received, permits being reviewed, and permits issued. Facilities and interested citizens can search for permits by county, city, facility name, facility identification number, progress dates, permit number, and permit type. (See item B.2. in the Information Technology section earlier in this report for further discussion.)

2. Developed dispute resolution procedures

Stakeholders expressed concern that, short of involving attorneys or elected officials, there was no system for resolving differences between department staff and its customers over permits. The department developed two procedures to address disagreements over compliance demonstration requirements in permits.

In the spring of 2004, the department adopted a formal monitoring appeal process as required by 2003 Wisconsin Act 118. Under the process, permit applicants are notified of the monitoring requirements proposed to be included in their operation permit and of their opportunity to demonstrate that the requirements are unreasonable considering, among other factors, the requirements imposed on other similar air emission sources. The first step in the

process is to appeal to the Administrator of the Division of Air and Waste. If the Administrator determines that the requirement is reasonable, the applicant may seek a review of the determination by the Secretary of the department.

The department has received 5 monitoring appeals under this process and has adjusted some of the compliance demonstration requirements in response to the appeals. None have taken the second step of appeal to the Secretary.

In August of 2006, the department developed and rolled out a less formal conflict resolution procedure to be followed when a permit applicant or department permit reviewer encounter either communication problems or a difference of opinion on technical issues when issuing or revising an air pollution control permit. To date, no one has availed themselves of this procedure.

3. Developed tools to improve public understanding

The department developed the following informational items to assist businesses and interested parties in understanding requirements, the permitting processes, and how to effectively resolve conflicts:

- Citizen's guide to the air permit process
- Permit diagram and step-by-step descriptions
- Public comment/public hearing Web page
- Plain English air permit glossary

C. Activities Underway

The following activities are underway:

1. Developing public education materials

As a result of stakeholder feedback, the department has begun using a survey at air management public hearings to assist in identifying information needs and in developing public information materials.

2. Using a plain English public notice

The department is developing a revised public notice and will implement it in December 2006. The new notice is simplified and less technical, with a clear project description and deadline for public comments.

D. Recommendations For Future Actions

1. Air management staff recommend that the department continue using focus groups and customer surveys as methods to gauge the effectiveness of streamlining actions as well as identify areas that need improvement. Results of focus group input and customer surveys should be shared with department management and with external stakeholders.
2. To gauge progress of streamlining actions against baseline data, the department will conduct a program review. This review will determine the consistency of our stationary source program implementation as well as examine our response to critical recommendations from the 2004 Legislative Audit, EPA's 2004 Notice of Deficiency, and 2003 Wisconsin Act 118.

Recent Customer Feedback

The department's Air Management program has made tremendous strides in improving its air permitting process. This is borne out in recent customer feedback:

Jeff Johnson, Sonny Zentner, Tom Ponty, Joe Ancel –

On behalf of TTM, I just wanted to let you know that we really appreciate your efforts regarding the construction permit for the new roller coater. I can honestly say from experience that this is one of the quickest reviews of a construction permit that I can remember. Installation of the roller coater is critical to maintain our ability to meet customer requirements. The ability to quickly respond to customer needs is crucial and often has a very short window of opportunity or we risk losing the business. Once lost, the business may be impossible to regain. Once again, thanks for all your efforts!

*Chuck Daly
TTM Technologies*

Gail Good –

I want to thank you and your colleagues at WDNR for your efforts and patience in resolving the CO modeling issue. It has been a pleasure working with WDNR. I look forward to reviewing and finalizing the permit language with my client (and WDNR) for demonstrating compliance in the coming weeks. Thanks again for all your help.

*Sri Panguluri
The Shaw Group*

Jeff Johnson, Sonny Zentner, Don Grasser, Joe Ancel –

We at AFT really appreciate all the hard work that was done and the timely manner that this was handled. On behalf of Jamie Mancl our president and owner and all of us at AFT: THANK YOU VERY MUCH!

*George Klein, Operations Manager
Advanced Fiberglass technologies Inc.*

Tom Roushar, Brad Pyle –

As a new company to Wisconsin I am writing to express our sincere appreciation for the exemplary performance put forward by Mr. Tom Roushar and Mr. Brad Pyle of your air management staff in responding to our air permit exemption request. Both these gentlemen recognized and responded to our need for a determination in a very short amount of time allowing Kettle Foods to maintain its contractual commitments schedule.

If Tom and Brad are examples of the dedication of the employees within the Wisconsin Department of Natural Resources, we believe we've made a wise decision to locate here. Again, please convey our deepest appreciation for their timely response.

*Clint Carey, Engineering Project Manager
Kettle Foods Inc.*

Recent Customer Feedback

On behalf of InSinkEerator, I would like to express my appreciation to Mark Stohl and Kendra Fisher for your continual communication efforts during the development of this proposed permit. Clear communications are instrumental in the development of accurate information on which to base regulatory documents such as this proposed operation permit.

*Brian H. Freitag, Supervisor
Environmental and Facility Services
InSinkEerator*

Superior – The State of Wisconsin Department of Natural Resources has approved an Air Quality Permit sought by Cutler-Magner Corporation in order to expand their Superior plant. State Senator Bob Jauch (D-Poplar), who worked with CLM and the Department to help advance the process, lauded the decision. “CLM is to be applauded for their commitment to the community, and the DNR should be similarly commended for their cooperation,” Jauch said. “This is another example of state government engaging on important issues properly—ensuring that our environmental responsibilities are met but also making practical decisions so that business can expand and grow,” he added. Jauch also thanked CLM CEO Jim Korthals for his vision and for his commitment to creating a bond of trust with state officials, rather than view the relationship as adversarial. “Jim’s willingness to be flexible and cooperative allowed the DNR to also be flexible to find the common ground necessary to advance this critical project,” Jauch said. “I’m thrilled the result has been positive, and I look forward to the sound of construction very soon,” the northern lawmaker added.

Don Faith, Tom Roushar, Jeff Hanson

We very much appreciate the outstanding and extraordinary efforts of the WDNR staff on this permit (Didion Ethanol Plant). Don Faith, Tom Roushar, Marcia Penner, Jeff Hanson, Dan Heim, Ron Grasshoff and Bruce Moore plus others who worked behind the scenes, performed exceptionally to help us work through the several air, surface water, environmental assessment, storm water, erosion control issues that needed to be addressed. Their efforts are greatly appreciated and resulted in expedited and streamlined permitting for this project. This greatly facilitates the site grading and foundation construction of this ethanol facility before winter weather sets in.

*Donald P. Gallo
Reinhart Boerner Van Deuren s.c*

Appreciation and Next Steps

The Department of Natural Resources wishes to thank everyone who has provided feedback and recommendations and supported the air permit streamlining initiative. Representatives from regulated facilities and environmental groups, local economic development specialists, and department employees statewide all were essential to the effort. Valuable feedback, collaboration and innovative ideas from our stakeholders fueled positive results and will serve as a template for future regulatory improvement.

The department intends to work closely with our stakeholders to continuously improve air quality permitting and the air management program.

