



Connecticut Department of
**ENERGY &
ENVIRONMENTAL
PROTECTION**

SMALL BUSINESS IMPACT

Prior to adopting a new section or amendment, section 4-168a of the Connecticut General Statutes (CGS) requires that each state agency consider the effect of such action on small businesses as defined in CGS section 4-168a. When such regulatory action may have an adverse effect on small businesses, CGS section 4-168a directs the agency to consider regulatory requirements that will minimize the adverse impacts on small businesses if the addition of such requirements (1) will not interfere with the intended objectives of the regulatory action and (2) will allow the new section or amendment to remain consistent with public health, safety and welfare.

State Agency Submitting Proposal: Energy and Environmental Protection (DEEP)

Subject of the Proposal: Permit-by-Rule for Combined Heat-and-Power Systems

In accordance with CGS section 4-168a, staff analyzed the effect on small businesses of the proposal and determined the following:

Check all appropriate boxes:

- The proposal will not have an effect on small businesses.
- The proposal will have an effect on small businesses, but will not have an adverse effect on such small businesses.
- The proposal may have an adverse effect on small businesses, and no alternative considered would be both as effective in achieving the purpose of the action and less burdensome to potentially affected small business. Alternatives considered include the following:
- (1) The establishment of less stringent compliance or reporting requirements for small businesses;
 - (2) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
 - (3) The consolidation or simplification of compliance or reporting requirements for small businesses;
 - (4) The establishment of performance standards for small businesses to replace design or operational standards required in the new section or amendment; and
 - (5) The exemption of small businesses from all or any part of the requirements contained in the new section or amendment.
- The proposal will have an adverse effect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare.

Explanation:

The proposal allows the owner of a new combined heat-and-power (CHP) system to operate under the requirements of the permit-by-rule rather than apply for and obtain an individual permit for the CHP system.

DEEP has no information concerning the number of people who will operate a CHP system under the permit-by-rule or whether or not any such person will be a small business owner. The impacts on the owner of a CHP system operating under the permit-by-rule compared with operation under an individual permit are as follows:

- Operation under the permit-by-rule eliminates the need for the applicant to complete an application for a new source review permit. The application requires a significant amount of time and information to prepare and may require air quality modeling, which is highly technical.
- Operation under the permit-by-rule eliminates the costs associated with applying for and obtaining an individual permit. The minimum permit fee, including associated fees for publication of notices, is about \$3500. Fees may be higher depending on the size of the CHP system and the type of emissions reviews required. Most owners hire a consultant to prepare the application and perform any required air quality modeling, all at additional cost.
- Operation under the permit-by-rule eliminates the waiting period between submission of an application and issuance of an individual permit. For a CHP system, this time period is typically about seven months.
- Operation under the permit-by-rule eliminates uncertainty about what the final requirements of an issued permit will be, such as the level of the emissions limitations.