

Office of Regulatory Management  
Economic Review Form

<b>Agency name</b>	Department of Environmental Quality
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	9 VAC 15-40 9 VAC 15-60 9 VAC 15-70 9 VAC 15-100
<b>VAC Chapter title(s)</b>	Small Renewable Energy Projects (Wind) Permit by Rule Small Renewable Energy Projects (Solar) Permit by Rule Small Renewable Energy Projects (Combustion) Permit by Rule Small Energy Storage Facilities Permit by Rule
<b>Action title</b>	Amend regulations to increase fees assessed by Department of Environmental Quality Permit by Rule Regulations
<b>Date this document prepared</b>	April 27, 2026
<b>Regulatory Stage (including Issuance of Guidance Documents)</b>	Final

### Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

**Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p><b>Background:</b>                  Section 10.1-1197.6 of the Code of Virginia directs the Department of Environmental Quality (DEQ) to establish a schedule of fees, to be payable by the owner or operator of small renewable energy projects applying for a permit by rule, for the purpose of funding the costs of administering and enforcing DEQ’s Small Renewable Energy permit by rule programs. Section 10.1-1197.6 D of the Code of Virginia further provides that the fees shall include an additional amount to cover DEQ’s costs of inspecting projects.</p>
	<p><b>Direct Costs:</b>                  The current fees set in these regulations are inadequate to cover the costs of the Small Renewable Energy permit by rule programs. From Fiscal Year (FY) 2021 through FY 2025 the current fees have generated an average of \$128,400 per year.</p>

  

Small Renewable Energy Permit by Rule Fee Program Revenue	Actuals					Actual 5 yr Average*
	FY21	FY22	FY23	FY24	FY25	
Application Fee - Renewable Energy - Wind	\$16,000	\$0	\$0	\$0	\$0	
Application Fee - Renewable Energy - Solar	\$148,000	\$138,000	\$180,000	\$86,000	\$44,000	\$119,200
Modification Fee - Renewable Energy -Solar	\$0	\$4,000	\$4,000	\$0	\$8,000	\$3,200
Application Fee - Renewable Energy - Storage	\$0	\$0	\$5,000	\$500	\$24,500	\$6,000
<b>Total</b>	<b>\$164,000</b>	<b>\$142,000</b>	<b>\$189,000</b>	<b>\$86,500</b>	<b>\$76,500</b>	<b>\$128,400</b>

\*Application Fee - Renewable Energy- Wind (not included in 5 yr average, no further wind applications projected)

To reduce program costs, the number of full-time employees in the program was reduced from four to three in FY 2026 to align program costs with lower revenue totals. After accounting for this reduction in staff, the projected annual program cost for FY 2026 is \$396,125 and the projected annual program cost for FY 2027 is \$408,009, which is a 3% increase from the FY 2026 projection.

Small Renewable Energy Permit by Rule Fee Program Cost	FY26 Projected Cost	FY27 Projected Cost*
PBR Program Personnel	\$383,125	\$394,619
Staff Costs (Travel, Training, Meeting Space, etc.)	\$13,000	\$13,390
<b>Total</b>	<b>\$396,125</b>	<b>\$408,009</b>

\*3% increase in FY27

Fees assessed by the Small Renewable Energy permit by rule program apply to solar, energy storage, wind, and combustion projects that seek to obtain a permit by rule. Renewable energy project developers have a choice and may either utilize DEQ’s permit by rule program or the State Corporation Commission’s approval process. While this program uses the term “small,” these projects can be large, up to 150 megawatts in the case of a solar or wind project. The solar permit by rule program does not assess a fee for solar projects less than 5 megawatts; therefore, these fees do not apply to an entity such as a homeowner or a small business installing rooftop solar panels.

	<p>An analysis of the permitting activity from FY 2021 through FY 2025 shows an average of 11 solar permit by rule applications and 1 modification per year. Permitting activity has decreased in the last two fiscal years, dropping from a high of 17 projects in FY 2023 to 6 projects in FY 2025. No wind or combustion permits by rule have been issued during this time period. The energy storage permit by rule was adopted in FY 2023, and there has been an average of 3 energy storage permit by rule applications per year. This figure has remained constant.</p> <p>The projected total personnel and discretionary costs of the Small Renewable Energy permit by rule program are \$396,125 for FY 2026 and \$408,009 for FY 2027. The changes are aimed at increasing the fee revenue to cover 100 percent of costs, which necessitates a fee revenue increase of approximately 218%.</p> <p>Based on a review of the average of permit types issued FY 2021 through FY 2025, the regulatory action proposes a 200% increase to all Small Renewable energy permit by rule fees to ensure that fee revenue covers program costs. DEQ anticipates that this action will generate an additional \$256,800 in fee revenue per year in the first year, for total fee revenue of \$385,200 in the first year.</p> <p>This regulatory action also proposes to add an annual inflation adjustment to all Small Renewable Energy permit by rule fees based on changes to the Consumer Price Index (CPI). Fees will be adjusted annually by the change in the CPI and will be posted on DEQ’s website. The Consumer Price Index (CPI) as used for this adjustment refers to the average CPI for all-urban consumers published by the U.S. Department of Labor, Bureau of Labor Statistics, U.S. All items, CUUR0000SA0, for the 12-month period ending on June 30 of the calendar year preceding the year the fee is due.</p> <p><b>Indirect Costs:</b>  Energy prices are set through broader markets. Given the small size of these fees relative to the overall cost of a renewable energy project DEQ anticipates that renewable energy developers will absorb these costs. The most expensive fee in the final regulation is the \$48,000 fee for a wind renewable energy project, which could be up to 150 megawatts in size.</p> <p>Some developers may choose to use the State Corporation Commission’s approval process as a means to avoid these fees.</p> <p><b>Direct Benefits:</b>  The fees will fund the Small Renewable Energy program as required by the Code of Virginia. This will avoid the need to cover the costs from other sources of funding and ensure that the program fully operates as envisioned when established by the General Assembly.</p>
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	<b>Indirect Benefits:</b> The fees could encourage developers to submit higher quality applications and reduce the number of under-prepared or more speculative projects that submit permit by rule applications because permit fees are not refundable for applications that are deemed incomplete.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$256,800	(b) \$256,800 (current costs are being covered by other funding sources)
(3) Net Monetized Benefit	\$0	
(4) Other Costs & Benefits (Non-Monetized)	The fees will fund the Small Renewable Energy program as required by the Code of Virginia.	
(5) Information Sources	Permitting data generated from CEDS, DEQ’s internal permitting database.  Financial information generated by DEQ’s Director of Administration and Director of Finance.	

**Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p><b>Direct Costs:</b> The current fees set in these regulations are inadequate to cover the costs of the Small Renewable Energy permit by rule programs. From Fiscal Year (FY) 2021 through FY 2025 the current fees have generated an average of \$128,400 per year. Projected annual expenses for FY 2026 for the program total \$396,125.</p> <p><b>Indirect Costs:</b> DEQ has to cover the current shortfall in fee revenue to fund the program from other sources.</p> <p><b>Direct Benefits:</b> Developers benefit from lower permit fees. However, as noted in Table 1a, these fees are small relative to the overall cost of a renewable energy project. The most expensive fee in the final regulation is the \$48,000 fee for a wind renewable energy project, which could be up to 150 megawatts in size.</p> <p><b>Indirect Benefits:</b></p>
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	There are no indirect benefits to the status quo. It is highly unlikely that small renewable developers pass the benefits of lower permit fees along to small renewable energy customers given the relatively small size of these fees to overall costs and the reality that energy prices are set pursuant to much broader market forces.	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) \$267,725 (costs are being covered by other funding sources)	(b) \$267,725
(3) Net Monetized Benefit	\$0	
(4) Other Costs & Benefits (Non-Monetized)	N/A	
(5) Information Sources	<p>Permitting data generated from CEDS, DEQ’s internal permitting database.</p> <p>Financial information generated by DEQ’s Director of Administration and Director of Finance.</p>	

**Table 1c: Costs and Benefits under Alternative Approach(es)**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p><b>Direct Costs:</b> DEQ staff considered lower rates for the fee increases. These approaches were rejected because they would not cover existing costs.</p> <p><b>Indirect Costs:</b> N/A</p> <p><b>Direct Benefits:</b> Alternative lower rates for fee increases would slightly benefit renewable energy project developers.</p> <p><b>Indirect Benefits:</b> N/A</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) Variable depending on the fee rate considered.	(b) Variable depending on the fee rate considered.
(3) Net Monetized Benefit	\$0	

(4) Other Costs & Benefits (Non-Monetized)	N/A
(5) Information Sources	Permitting data generated from CEDS, DEQ’s internal permitting database.  Financial information generated by DEQ’s Director of Administration and Director of Finance.

**Impact on Local Partners**

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 2: Impact on Local Partners**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p><b>Direct Costs:</b> This final regulation would not have any impact on local partners unless a locality opted to develop its own small renewable energy project and seek approval through DEQ’s permit by rule process. In that case the costs would be the same as for other entities described in Table 1a.</p> <p><b>Indirect Costs:</b> N/A</p> <p><b>Direct Benefits:</b> N/A</p> <p><b>Indirect Benefits:</b> N/A</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) See Table 1a.	(b) See Table 1a.
(3) Other Costs & Benefits (Non-Monetized)	See Table 1a.	
(4) Assistance	N/A	
(5) Information Sources	See Table 1a.	

**Impacts on Families**

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 3: Impact on Families**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p><b>Direct Costs:</b> This proposal will have no impact on families. While this program uses the term “small,” these projects can be large, up to 150 megawatts in the case of a solar or wind project. The solar permit by rule program does not assess a fee for solar projects less than 5 megawatts; therefore, these fees do not apply to an entity such as a homeowner or a small business installing rooftop solar panels.</p> <p><b>Indirect Costs:</b> N/A</p> <p><b>Direct Benefits:</b> N/A</p> <p><b>Indirect Benefits:</b> N/A</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	N/A	
(4) Information Sources	N/A	

**Impacts on Small Businesses**

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

**Table 4: Impact on Small Businesses**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p><b>Direct Costs:</b> Some renewable energy project developers may qualify as small businesses. Small businesses would be affected the same as any other</p>
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	<p>renewable energy project developer utilizing DEQ’s permit by rule process. Costs would be the same as described in Table 1a.</p> <p><b>Indirect Costs:</b> See Table 1a.</p> <p><b>Direct Benefits:</b> See Table 1a.</p> <p><b>Indirect Benefits:</b> See Table 1a.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) See Table 1a.	(b) See Table 1a.
(3) Other Costs & Benefits (Non-Monetized)	See Table 1a.	
(4) Alternatives	See Table 1a.	
(5) Information Sources	See Table 1a.	

**Changes to Number of Regulatory Requirements**

**Table 5: Regulatory Reduction**

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

*Change in Regulatory Requirements*

VAC Section(s) Involved*	Authority of Change	Initial Count	Additions	Subtractions	Total Net Change in Requirements
9VAC15-40-110	(M/A):	1	0	0	0
	(D/A):	0	0	0	0
	(M/R):	1	0	0	0
	(D/R):	0	0	0	0
9VAC15-60-110	(M/A):	1	0	0	0
	(D/A):	0	0	0	0
	(M/R):	1	0	0	0
	(D/R):	0	0	0	0
9VAC15-70-110	(M/A):	1	0	0	0
	(D/A):	0	0	0	0
	(M/R):	1	0	0	0
	(D/R):	0	0	0	0
9VAC15-100-110	(M/A):	1	0	0	0
	(D/A):	0	0	0	0
	(M/R):	1	0	0	0
	(D/R):	0	0	0	0
<b>Grand Total of Changes in Requirements:</b>					(M/A): 0 (D/A): 0 (M/R): 0 (D/R): 0

**Key:**

*Please use the following coding if change is mandatory or discretionary and whether it affects externally regulated parties or only the agency itself:*

**(M/A):** Mandatory requirements mandated by federal and/or state statute affecting the agency itself

**(D/A):** Discretionary requirements affecting agency itself

**(M/R):** Mandatory requirements mandated by federal and/or state statute affecting external parties, including other agencies

**(D/R):** Discretionary requirements affecting external parties, including other agencies

*Cost Reductions or Increases (if applicable)*

<b>VAC Section(s) Involved*</b>	<b>Description of Regulatory Requirement</b>	<b>Initial Cost</b>	<b>New Cost</b>	<b>Overall Cost Savings/Increases</b>
9VAC15-40-110	Fee schedule for Small Renewable Energy (Wind) Permit by Rule	\$16,000 (application) \$5,000 (modification after first three years of operation)	\$48,000 \$15,000	200% increase
9VAC15-60-110	Fee schedule for Small Renewable Energy (Solar) Permit by Rule	\$8,000 (>5 MW up to 25 MW) \$10,000 (>25 MW up to 50MW) \$12,000 (>50MW up to 75MW) \$14,000 (>75MW up to 150 MW) \$4,000 (>5MW up to 150MW) (modification)	\$24,000 \$30,000 \$36,000 \$42,000 \$12,000	200% increase
9VAC15-70-110	Fee schedule for Small Renewable Energy (Combustion) Permit by Rule	\$8,000 (application) \$4,000 (modification)	\$24,000 \$12,000	200% increase
9VAC15-100-110	Small Energy Storage Facilities Permit by Rule Fee Schedule	\$2,500 (disturbance zone less than 10 acres) \$5,000 (disturbance zone greater than 10 acres)	\$7,500 \$15,000	200% increase

		\$500 (retrofit)	\$1,500	
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*Other Decreases or Increases in Regulatory Stringency (if applicable)*

<b>VAC Section(s) Involved*</b>	<b>Description of Regulatory Change</b>	<b>Overview of How It Reduces or Increases Regulatory Burden</b>
N/A	N/A	N/A

*Length of Guidance Documents (only applicable if guidance document is being revised)*

<b>Title of Guidance Document</b>	<b>Original Word Count</b>	<b>New Word Count</b>	<b>Net Change in Word Count</b>
N/A	N/A	N/A	N/A

\*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).