



Request BA-8 – Two-Year Air Fugitives Inventory and Compliance Project

- The Department requests a total of \$1,524,918 General Fund over two years, \$492,776 General Fund and 5.0 FTE in FY 2013-14 to hire five temporary FTE who will use newly purchased infrared cameras while inspecting oil and gas sites.
- **Staff does not recommend the request.**

Request: The Department requests funding to purchase specialized infrared cameras and hire temporary staff to use the cameras to inspect oil and gas sites. The request includes the following five components:

1. \$492,776 General Fund and 5.0 FTE in FY 2013-14 for the Stationary Sources Program for temporary FTE and operating expenses;
2. \$66,000 General Fund for a one year extended warranty for each camera and maintenance and calibration costs of \$2,500 per year per camera;
3. \$29,440 General Fund to lease four hybrid sedans at a cost of \$4,800 per vehicle and additional mileage costs of \$2,560 per vehicle;
4. \$12,000 cash funds for the Department of Natural Resources to purchase additional computer server and storage capacity for data from the cameras; and
5. \$567,000 General Fund for a capital construction request to purchase six infrared cameras.

Recommendation: **Staff does not recommend any components of the request.**

Analysis: Infrared cameras (IR cameras) can "see" infrared light that is otherwise invisible to humans. These cameras have a specialized filter which allows the camera to visualize through light colors the emission of volatile organic compounds which impact air quality by contributing to ground level ozone.

Request Justifications

The request seeks to purchase six IR cameras for use by this Department and by the Department of Natural Resources, and states that increased use of the IR cameras will "allow Colorado to focus on the compliance assistance and enforcement" of emission violations and help inform future regulatory initiatives that can target common leak points. By using the IR cameras for inspections and enforcement, oil and gas operators will have better information to "better design future systems that capture more gas, instead of perpetuating the building of leaking systems that have to be fixed with expensive retrofits."

The request seeks temporary employees and states that while the Department's existing inspectors are being trained on the IR camera the Department currently owns, training the employees on the new cameras is a "process that will take time and is separate from this request."

Justification of the Staff Recommendation

Staff recommends the Committee deny the request for seven reasons which are outlined below.

1. The request is a one-time expenditure of a total of \$1.5 million General Fund and does not establish any type of sustainable structure with the Stationary Sources Program once funding is eliminated.
2. It is unclear what would happen with these cameras after the two years of funding ends since the request is not intended to enable existing inspectors to use the cameras but clearly indicates the temporary staff would be trained on and use the cameras.
3. The request clearly states that without enforcement the use of the IR cameras would be pointless, but does not provide any funding for all of the additional time existing enforcement staff will have to spend as a result of these new inspectors. The request clearly states, "the new inspectors will do nothing but IR camera surveys." The existing staff within the Division is not sufficient to handle a large influx of enforcement actions. The General Assembly added three enforcement positions in FY 2012-13 because of the Division's inability to manage the existing workload.
4. One end-goal of using the IR cameras is to enable the development of regulations which establish a structure to address the emissions and violations found using the cameras. Staff questions if it is good policy to use an inspection method which can detect violations for which there is no existing regulatory structure and enforcement guidelines.
5. Since the Department has also requested funding for an air emissions and disbursement study, it would make sense to wait until the results of the study are known before embarking on an expensive temporary project.
6. Staff is concerned that part of the justification for the request is to help the oil and gas industry develop a better business model and questions whether this is an appropriate use of General Fund dollars.
7. The request seeks to purchase six cameras, five for the Department of Public Health and Environment and one for the Department of Natural Resources, but funding for personnel to use the cameras is only provided to the Department of Public Health and Environment. Since the Department of Natural Resources does not currently have a camera or staff with IR camera training, staff is uncertain how the department would implement the use of the camera without additional funding.

Staff is also concerned that the proposed program would treat sites differently because of the use of the IR camera. Is it equitable to the industry if one site is inspected with an IR camera which results in significant enforcement actions, while another site is not inspected with the IR camera, but may have similar violations which are not caught?

Lastly, staff would note there is no reason this budget amendment should have been submitted at such a late date (January 25, 2013) when there is no criteria that would have prevented this request to be submitted with the November 1 request or with other budget amendments on January 1, 2013.